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foreign trade

CANADA

THE MEXICAN MARKET: A SECOND LOOK (page two)

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cover These bicycles being assembled in a Mexican factory typify the rise of secondary manufacturing there — a development that has changed the import pattern. The why and how of this change, and the implications for Canadian exporters, are discussed in the article on page 2.

2 The Mexican Market . . . *a second look at Canada's second largest Latin American market, plus advice to would-be exporters.*

9 How to Sell to John Plain . . . *explained by the Assistant Trade Commissioner in Chicago, who personally investigated this unusual market.*

11 The Beirut Office Reports . . . *on trading with the six countries within its territory, spread from Iraq to the Persian Gulf.*

18 French Auto Industry Speeds Ahead . . . *and turns out cars that appeal to foreign buyers, boost French earnings.*

20 Doing Business in Ethiopia . . . *calls for some understanding of a country, unusual in many ways, that few exporters visit.*

25 British Guiana Works for a Sound Economy . . . *as it pushes ahead with development programs, designed to hasten progress, improve employment opportunities.*

5 Mexico Wants Canadian Christmas Trees

7 Lebanon: Selling Electrical Appliances

8 New Zealand Boosts Tobacco Output

19 Belgium's Carpet-Makers Prosper

27 Argentina Alters Trade Controls

36 Trade Commissioners at Work

15 Commodity Notes
22 Fairs and Exhibitions
34 Foreign Exchange Rates
31 Tours of Territory
30 Trade Commissioners on Tour
32 Trade and Tariff Regulations

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CANADA

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a second look at

The Mexican Market

Last October, "Foreign Trade" published a broad survey of the Mexican economy and of sales opportunities there. This report reviews some of the facts and figures in that survey, brings them up to date, and discusses prospects for Canadian exporters in the light of them.

ALTON A. LOMAS,
Assistant Commercial Secretary, Mexico, D.F.

MEXICO ranked as Canada's second largest Latin American customer in 1958. It is a dollar market with the foreign exchange to pay for imports, and relatively close to Canada both in distance and in market requirements. The Mexican economy is one of the soundest and most diversified in the Western Hemisphere and its well balanced and rapid development offers important sales opportunities for certain Canadian products.

Mexico today has a population of about 33 million, increasing at the rate of 3 per cent a year. About 50 per cent of the present population is under 20 years of age—a fact that indicates the tremendous market expansion that will take place during the next few years. The Mexican Government is making determined efforts to encourage industrial growth as a source of employment, to improve communications with isolated regions, and to raise living standards in some of the crowded industrial areas.

The gross national product has been rising by 6 per cent a year. This rate dropped to 4 per cent in 1958 but present indications point to an improvement in 1959.

Production Picture

Traditionally, agriculture and mining have provided the firm base for other economic development. For agriculture, 1958 was an excellent year and this sector showed a gain of almost 10 per cent over 1957, thanks chiefly to favourable weather with plentiful rains. Production of cotton, sugar, wheat, corn, rice, livestock and poultry were all greater than the year before although coffee, Mexico's second export commodity, decreased about 200 thousand bags. World market conditions and the effects of U.S. quotas influenced a 2 per cent decline in mining output, with the principal drop in the production of lead, zinc and copper. Although silver exports fell slightly, some 47 million troy ounces of this metal were shipped and Mexico maintained its position as the world's largest silver producer.

Manufacturing industries continued to grow and over-all production rose by about 4 per cent. The output of iron ingots, rubber goods, soaps and detergents, and some processed foods showed major gains. A number of important new primary industries were established during the year, including plants to make newsprint and basic chemicals, and many new secondary manufacturing plants came into production.

Trade Pattern Changes

Mexico has now reached a midway point in industrialization, producing practically all types of manufactured consumer goods used in the country, in line with recent government policy of encouraging secondary manufacturing. This situation is clearly reflected in the changing pattern of Mexican foreign trade. Before the war, consumer goods accounted for more than one-third of all imports, but in 1958 for only 16 per cent. Principal imports now consist of production goods and raw materials for Mexican industry.

Foreign trade totals for 1958 were slightly below those for 1957.

MEXICAN IMPORTS AND EXPORTS

	1958	1957
	(millions of $U.S.)	
Exports	760.3	758.0
Imports	1,128.6	1,155.1

On commodity transactions alone, Mexico has recently had unfavourable balances. Tourist revenues (1958=US$35.7 million) and other non-trade transactions last year reduced the unfavourable balance to about US$20 million. Meanwhile, direct foreign investments brought in US$112 million and new medium and long-term loans from foreign sources added another US$107 million.

Principal imports during 1958 were the following:

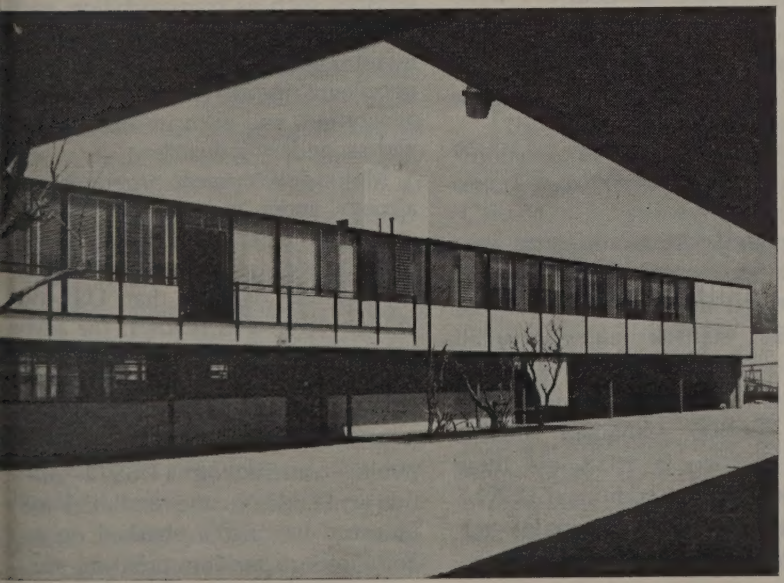
PRINCIPAL MEXICAN IMPORTS—1958

Commodity	Value (millions of U.S.$)
Machinery installations	72.7
Petroleum and products	56.1
Metal spare parts for machinery	50.1
Corn	48.1
Automobiles for private use	45.4
Machines, mechanically operated	44.2
Trucks	32.1
Auto parts and engines	30.5
Iron and steel scrap	23.9
Organic and chemical mixtures	20.4
Permanent railway material	20.0
Insecticides	16.8
Tractors	15.7
Natural or artificial crude rubber	14.0
Spare parts for tractors	11.2
Iron and steel pipe	10.0
Wool	8.8
Newsprint	8.7
Automobile chassis	6.5
Rolling and moulding machines	6.5
Cellulose pulp	6.0
Beans	5.4
Laminated iron and steel	4.9
Buses	2.3
Pork lard	1.0
Wheat	.1

Although the composition of imports is changing, most of the leading Mexican exports continue to be agricultural commodities or the raw or semi-processed products of the extractive industries. Manufactured goods account for only about 10 per cent of all exports, but there are a few finished products even among the leading exports. Farther down the list one finds a wide range of these products, indicating the increasing importance of manufacturing and Mexico's growing stature among the less industrialized countries of Latin America.

A street in the town of Taxco exemplifies the old Mexico . . .

. . . and this modern, spacious pharmaceutical plant, the new.



PRINCIPAL MEXICAN EXPORTS—1958

Commodity	Value (millions of U.S.$)
Raw cotton	190.3
Shelled coffee beans	80.5
Metallic lead and concentrates	33.6
Shrimp	32.0
Live cattle	31.8
Metallic copper and concentrates	28.5
Sulphur	23.2
Petroleum fuel	21.9
Metallic zinc and concentrates	21.6
Tomatoes	16.2
Fresh and frozen meat	12.2
Binder twine	12.1
Sugar	12.0
Hormones	8.2
Fodder	8.1
Henequen manufactures	4.5
Flocked cotton	3.5
Henequen	3.0
Non-crystallizable cane syrup	2.5
Chickpeas	2.2
Cacao	2.1
Textiles	1.8
Peanuts	1.8
Crude petroleum	1.4
Copper wire	.2
Lead wire	.1

During the past year the geographical pattern of Mexican trade changed little. The United States continued to hold its position as

On a busy day in Mexico City's famous "Cabellito" square, a huge truck (right foreground) rolls onto the Avenida Juarez with a load of Canadian newsprint. Sales of this product to the Mexican market totalled over $7 million in 1958, only a slight drop from the $7.4 million of the previous year.

Mexico's most important trading partner by far, supplying 77 per cent of all imports and taking almost 62 per cent of Mexican exports. Other important suppliers, according to Mexican statistics, were the following: Germany (5 per cent), Britain (3.2 per cent), Canada (2.1 per cent), and France (2.1 per cent). Following the United States, the leading buyers of Mexican exports were Japan (3 per cent), Germany (2.1 per cent) and Britain (1.7 per cent).

These statistics are of more than passing interest because of the importance that Mexico attaches to its balance of payments with each trading partner. As an example of this, an interdepartmental committee has recently been set up to supervise imports made by and for the Government; last year these accounted for almost one-quarter of all purchases from abroad. Among other factors that this committee considers in deciding upon individual import transactions is the balance of trade between Mexico and the exporting country.

Canadian-Mexican Trade

Mexican statistical methods do not take into account the fact that much of the trade between Canada and Mexico is handled by intermediaries in the United States. The Mexican figures are based, for exports, on the country of first destination and for imports, on the country of sale rather than the country of origin. Thus, according to the 1958 Mexican statistics, Canada purchased only US$9.1 million worth of Mexican products (1.3 per cent of all exports) whereas Canadian figures show imports from Mexico at Can.$32.1 million (4.2 per cent).

This statistical difference is even more pronounced in terms of total trade between the two countries. Mexican and Canadian figures are compared in the following table:

TRADE BETWEEN CANADA AND MEXICO—1958

	Mexican Figures (U.S.$)	Canadian Figures (Can.$)
Exports to Mexico	24,114,800	31,564,000
Imports from Mexico	9,087,300	32,058,600
TOTAL TRADE	33,202,100	63,622,600

Though the Mexican figures indicate a very unfavourable balance for Mexico in trade with Canada, Canadian statistics show a small balance in favour of Mexico. In addition to this, it is estimated that about 14,000 Canadian tourists visited Mexico in 1958 and these visitors added an additional US$7.5 million to Mexico's favourable balance with Canada. Canadian exporters might well take careful note of these facts.

Further Expansion Planned

What are the prospects for a continued large Canadian trade with this important market? At present the indications are that Mexico will maintain its healthy rate of economic development. The new administration that took office at the end of 1958 gives evidence that it will pursue, during its six-year term, the sound economic policies of the past 25 years. Government in Mexico plays an active role in business not only in providing, expanding and improving essential services such as transportation and communications, but also by direct investments and operations in the petroleum industry, electric power generation, and even in many basic and secondary industries.

Major development programs are already under way in many fields and government plans during 1959, for example, are reported to include expenditures of more than US$400 million divided as follows: for agriculture (US$45 million), communications (US$120 million), electric power (US$160 million), new basic industries (US$16 million), and public construction (US$72 million). PEMEX, the national oil industry, has also embarked on an ambitious expansion program that

includes new refinery facilities, pipelines and a complex of petrochemical plants, some of which will be built in association with private capital.

At the turn of the year, Mexico experienced a serious business slowdown. The change of government and a fear of devaluation of the peso may have also affected the situation. The new government acted firmly and swiftly to counter this and this has helped to renew confidence in the economy and stimulate all forms of economic activity. One of the principal reasons for optimism is the large volume of foreign loans and credits that the Government was able to arrange. During the first four months of 1959 these reached US$335 million, roughly half in the form of credits to stabilize the peso. The remaining US$170 million represented direct loans by the U.S. Export-Import Bank, a group of private U.S. banks, and British and European interests for the purchase of equipment and supplies for government and PEMEX development projects. Unfortunately for Canadian exporters, the general terms of the loans require that all purchases be made in the lending countries. Arrangements of this nature, of course, make it increasingly difficult for Canadian firms to obtain a share of this Mexican business.

A Word to the Exporter

To remain in this market, Canadian exporters must pay careful attention to the changing nature of the Mexican economy and they must adapt to the conditions of doing business here. These conditions include the widespread use of medium and long-term credits to finance major purchases, strong competition in prices and servicing from other foreign suppliers and, of course, the fact that Mexico requires and will import increasing amounts of production goods and industrial raw materials. There is a strict system of import licensing. The tariff contains some 4,600 separate headings and import permits are now required for 31 per cent of these. A breakdown into major import groups shows that the permit system is applied more rigidly to manufactured products than to raw materials.

ANALYSIS OF MEXICAN TARIFF

Import Group	Percentage of sections requiring *import licences*
Edible products	24
Beverages and tobacco products	60
Raw materials	18
Fuels and lubricants	28
Fats, oils, etc.	66
Chemical products	20
Manufactured products	32
Machinery, tools, electrical apparatus	34
Miscellaneous manufactured products	43

Limited opportunities for some sales of fully manufactured goods will probably continue, but best prospects in future will be for capital goods, machinery and equipment, industrial raw materials, and parts and components for use by Mexican industry.

The author of this report is currently making a tour of Canada to talk with businessmen about trade with Mexico. For his itinerary, see page 31. For complete coverage of the Mexican market, see "Foreign Trade" of October 11, 1958.

Mexico Wants Canadian Christmas Trees

A market survey in Mexico City shows that demand for Christmas trees is growing and that interest in Canadian trees runs high. Now is the time to supply quotations to Mexican importers.

ALTON A. LOMAS, *Assistant Commercial Secretary, Mexico, D.F.*

MEXICAN importers and distributors of Christmas trees are interested in buying more from Canada, I discovered during a survey made in the first three months of this year. The survey covered 20 local firms and resulted in written replies from or personal interviews with 15 of the largest tree importers. Probably the most significant fact to emerge was the extent to which last season's Christmas-tree purchases from other countries fell below expectations in the fall of 1958. During October it appeared that imports would reach 100 thousand trees; in fact only a third of this number were actually imported.

MEXICAN IMPORTS OF CHRISTMAS TREES

	Number	Value (US$)
1956	60,751	68,845
1957	72,322	77,646
1958	34,873	43,109

(Source: Mexican Import Statistics)

The principal reason for the decline in imports was not a drop in demand but rather a serious delay in issuing import permits. As we

—Courtesy J. Hofert Maritimes, Ltd.

Mexican buyers plan to import about 45,000 Christmas trees this year. Many of them may well come from big, well-tended plantations such as this one at Penetang.

reported in *Foreign Trade* of September 9, 1958, the Mexican Government faces the dual problem of conserving the nation's forests by prohibiting the cutting of Christmas trees and of protecting foreign exchange reserves by restricting 'unnecessary" imports. Christmas trees are considered to be in this category.

The Government changed on December 1 last year, and as a result there was a time lapse before a Christmas tree import policy could be formulated; permits were therefore not issued until the end of the first week of December. Faced with the possibility that they might not get permits, many importers cancelled or reduced their applications and diverted some of their orders to offloading points in the United States. This affected purchases from Canada even more seriously because local buyers, with time running short, placed orders with U.S. dealers who could make spot deliveries of cars already moving through the southern United States. The effects of this situation are clearly shown by Canadian export figures. (As in previous years, of course, many of the trees imported through U.S. dealers were actually of Canadian origin.)

CANADIAN EXPORTS OF CHRISTMAS TREES TO MEXICO

	Number	Value (Can.$)
1956	18,226	13,092
1957	20,313	12,240
1958	Nil	Nil

(Source: Dominion Bureau of Statistics)

Demand Is Growing

Because of reduced imports, every dealer I interviewed reported that he was able to dispose of his trees within a very short time at favourable prices. Most of the lots, in fact, were virtually empty several days before Christmas Eve.

At least one local firm tried to capture part of the market with trees grown on its own plantation about 25 miles from Mexico City. Despite an intensive mail-order campaign for home deliveries, however, it ran into difficulties with government forestry regulations and was forced to dispose of most of its trees on corner lots. In fact, these regulations were so strict during the 1958 season that road blocks were installed on some of the main highways into Mexico to prevent movement of illegally cut trees.

Despite these regulations and the smaller 1958 imports, popular demand for Christmas trees seems to be growing. Certainly this is the opinion of most importers, and it is substantiated by the widespread public program in 1958 of outdoor Christmas decoration. This program included the installation of large illuminated trees in many of Mexico City's parks and squares. It should be noted, however, that locally made artificial trees, both of plastic and wire-and-fibre, enjoyed considerable success last year. Although this was partly because of the late arrival of imported natural trees, some significance must be given to the fact, emphasized by the manufacturers, that artificial trees will last for several seasons.

Advice to Canadians

What is the outlook for 1959? The 15 importers I interviewed said unanimously that their activities would depend entirely on the Government's policy on import permits. If these are more readily available and earlier than last year, they indicated that they plan to purchase about 45,000 trees.

All of these firms are anxious to receive Canadian quotations, preferably c.i.f. a border point such as Laredo, Texas. Past experience has shown that most demand will be for Douglas fir with some minor interest in Scots pine and balsam fir. The most popular sizes of trees are those from six to nine feet and the Canadian practice of bundling them by size is understood and accepted. Shipment is generally by rail, but it is also possible to ship directly by truck from some Canadian points to the Mexican border.

Canadian shippers should try to provide the Mexican trade with initial quotations not later than August. Names of the leading importers and other market information may be obtained either from the Commercial Division of the Canadian Embassy or from the Forest Products Division of the Department of Trade and Commerce. ●

Lebanon

Selling Electrical Appliances

New power developments, no import restrictions, freely available foreign exchange—all these add up to a good and expanding market for Canadian electrical appliances.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

AT the turn of the century, electricity made its first appearance in Lebanon, but on a very small scale. It is reported that in 1920 only about 100 kilowatts were distributed; in 1929 the whole city of Beirut required only 1,500 kw. But by 1952 Beirut alone was using over 30,000 kw. It now requires 55,000 kw. and this figure is going up by an estimated 15 per cent a year.

Power Output Stepped Up

In 1952, power totalling 42,000 kw. was supplied by eleven small hydro-electric plants and six thermal plants. Since then, the addition of new plants, both hydro and thermal, has brought the present power supply to 136 thousand kw. and 65,000 will be added when a new thermal generating station is completed within a year or two. It is expected that in 1962 the Litani hydro-electric and irrigation project will add 88,500 kw. and, by the time the project is completed in 1967, another 115 thousand kw. A ten-year rural electrification program has been started by the Lebanese Government in conjunction with the U.S. Point IV Program (USOM). It is expected that this will bring electricity to over 500 Lebanese villages and take care of electric power needs in this little country, with its population of only 1.5 million, for the next 15 years. This augurs well for the already buoyant local market for household appliances.

U.S. Main Supplier

Only five years ago, imports of household appliances were valued at less than $500 thousand a year. In 1957 they reached approximately $5 million and would have been higher in 1958 but for the 5½-month general strike.

A wide variety of appliances is found in shops here. The United States is the biggest supplier and practically all the well known U.S. manufacturers are represented. There are also many products from Europe and lately Japanese appliances have been introduced and are doing well. Canada is making substantial sales of washing machines but is not so successful in other lines. Current in Lebanon is 50-cycle A.C., 110 and 115 volts.

What to Sell

Washing machines were originally imported mainly from Britain and, in the period following World War II and up to 1953, about 16,000 were sold; these were small models with hand-operated wringers. Today the United States ranks first among washing-machine suppliers. Total imports in 1957 were valued at about $420 thousand, of which $180 thousand came from the United States and $86,000 from Britain. Other suppliers included Germany ($16,000), the Netherlands ($15,000), Belgium ($5,000), and Japan ($3,000). Canadian washing machines are popular and exports to Lebanon have been as follows:

Year	Number	Value
1956	1,124	$95,000
1957	973	79,000
1958	1,039	85,000

Refrigerators, after washing machines and radios, are in greatest demand. Statistics do not show imports by units but only by weight—about 1,500 tons a year. The United States is virtually the only supplier.

	1956	1957
	(millions of dollars)	
United States	$2.58	$2.08
Britain	.07	.05
Germany	.06	.06
Italy	.02	.02
Total	2.73	2.21

Canada exported 26 refrigerators to Lebanon in 1957, valued at $5,050. Japanese models have recently appeared on the market.

Radios of many types and makes are sold here. Some 37,000 units valued at $1.5 million were imported in 1956 and 25,000 units valued at $1 million in 1957. Germany is the principal supplier with 50 per cent of imports, followed by the Netherlands with 20 per cent, the United States 5 per cent, Britain 5 per cent, Austria 3 per cent and Japan 3 per cent. Retail prices run from $35 for a small radio to $500 for large radio-phonographs.

Television sets should sell well here once the first television station has been completed in Beirut. It is expected to start operating in the fall as a private company. Advertisements for German and British television sets are already appearing.

Air conditioners are used widely during the hot season from June through October. Over 1,000 window units are installed each year in apartments, hotels, hospitals, offices, stores and public buildings. A local industry is producing standard units on a limited scale, but the main supply is from the United States, which shipped $350 thousand worth in 1956 and $320 thousand worth in 1957.

Sundry electro-mechanical apparatus—such as fans, vacuum cleaners, sewing machines, mixers and blenders, razors, etc.—totalled $340 thousand in value in 1956 and $370 thousand in 1957. Principal suppliers were the U.S., Britain, Germany, the Netherlands and Japan.

Electro-thermic articles sold in Lebanon include heaters, toasters, percolators, hot-plates, irons, etc. The chief supplier is Germany, which has about one-third of the trade, followed by Italy, the U.K., France and the U.S. Imports totalled $220 thousand in 1956 and $210 thousand in 1957. Because of the high cost of electricity, electric kitchen ranges are rarely used, but there is a big demand for gas ranges and rangettes and one firm sold 8,000 units in a year.

Electric office equipment is in good demand, particularly cash registers, calculating and accounting machines. The U.S. has sold nearly $250 thousand worth of this equipment to Lebanon during the past two years and about the same amount came from Germany, Sweden and Italy.

How to Get into the Market

As a rule, foreign manufacturers are represented locally by exclusive agents who import for their own account and act as distributors. These agents sell not only in their own showrooms, but also through a large number of sub-agents. In addition, they place goods on consignment; all domestic appliances are thus available throughout the whole market. Wide distribution is helped by instalment buying; terms vary but for an expensive article payments can be made over one or two years.

Canadian exporters will find good possibilities for selling electrical appliances in Lebanon; foreign exchange is freely available and no import licences are required, though businessmen must be ready to face stiff competition. Price is the essential factor in introducing a product successfully into this free market. And because of the credit facilities available to Lebanese consumers, Canadians must be prepared to grant credit terms to their agents similar to those that competitors offer. •

New Zealand Boosts Tobacco Output

NEW ZEALAND tobacco growers have just finished harvesting about 3,500 acres of better-than-usual quality leaf. In the preceding five seasons, annual acreage ran between 3,000 and 3,200 and production ranged from 4.1 to 4.7 million pounds. Total yield from this season's crop is expected to be significantly higher. The entire crop, which is nearly all flue-cured, is used in New Zealand and provides roughly 37 per cent of the leaf used by local manufacturers.

New Zealand growers have been slow to increase production and to supply a larger part of the 10 or 11 million pounds of leaf needed every year. The New Zealand Tobacco Board, which is representative of the growers and manufacturers, encourages production and consumption of domestic leaf but various factors—particularly the problem of labour supply, pricing and large imports of manufactured tobacco—have thwarted programs aimed at increasing acreage.

The problem of foreign competition has been solved, at least temporarily, by recent controls (for balance-of-payments reasons) that prohibit the import of manufactured tobacco. Local manufacturers talk about taking up the slack and growers think that there is enough suitable soil to permit expansion up to 10,000 acres—a possible increase of 6,500 acres. It is estimated that about 600 thousand pounds of New Zealand leaf, with an appropriate percentage of the imported product for blending, would be required to make good the loss of imported cigarettes and tobacco at the present rate of consumption. But it is not just a matter of boosting local production. Before controls were introduced, 50 million cigarettes a month were imported and this conditioned consumers to blends containing no domestic leaf. Manufacturers are now faced with selling a different blend.

Canada sold New Zealand about 30,000 pounds of flue-cured tobacco in 1958—the first shipment after many unsuccessful attempts. Prospects are reasonably good for a continuing small trade.

Most of New Zealand's leaf comes from the United States; about £1.7 million worth was purchased in 1957. Some 27,000 pounds of Rhodesian leaf were imported for the first time in 1957. With the introduction of a direct New Zealand-African shipping service and a visit to Southern Rhodesia by a New Zealand trade delegation in 1958, there are indications that imports of Rhodesian tobacco might increase.

—JOHN MACNAUGHT,
Assistant Commercial Secretary, Wellington.

One of Chicago's largest wholesale catalogue houses specializes in selling household goods, clothing, jewellery and giftware to small-town and rural retailers. It is prepared to take on Canadian lines—if they meet the requirements that the author describes.

How to sell to JOHN PLAIN

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

THE terms "mail order house" and "catalogue house" tend to conjure up images of Montgomery Ward, Sears Roebuck and other retail organizations that issue catalogues to consumers and sell by mail. In their search for U.S. outlets, Canadian firms frequently forget a large segment of the mail order or catalogue industry—the wholesale catalogue house.

These wholesalers issue one or more catalogues a year, and place them in the hands of retailers who use them to solicit business from the consumer. This part of the industry has grown tremendously in the past few years and the signs point to even greater progress.

The largest wholesale distributor of apparel, giftware and housewares in the United States is John Plain and Company of Chicago, founded in 1915. In that year it issued a 98-page catalogue. The 1959 edition has 750 pages, 182 of them in full colour. In addition to issuing a catalogue, John Plain operates an incentive and premium division and an export-import subsidiary.

John Plain specializes in selling 14,000 different items of household goods, clothing, jewellery and giftware by catalogue through 54,000 small-town merchants located in villages and hamlets. If it appears that a company specializing in rural sales is living in the past, the following figures will come as a revelation. According to the 1950 census, there are only 429 cities in the United States with a population of over 25,000; there are 124,351 communities with a population of less than 1,000. The average John Plain town has only 505 inhabitants, or 120 families.

Dealers Carefully Selected

John Plain has a strict formula for tapping this small-town market. A single catalogue forms the basis of a John Plain dealership but to acquire this catalogue, a dealer must meet rigid requirements.

He must prove that he has a good financial and local standing. He must operate in a town of under 10,000 population. He must be a general retailer, because Plain's book contains everything from mink coats and jewellery to baby buggies and dolls. The general store is the one that John Plain is looking for.

From the dealer's point of view, association with John Plain offers the advantage of low inventory coupled with a wide range of goods (some 14,000 items), branded merchandise, quick delivery (2½ hours from mail clerk to shipping dock), money-back guarantee if the customer is not satisfied, the regular retail mark-up, and the opportunity of buying on "open" account (net 30 days).

There are currently 54,000 John Plain dealers who will attest to the fact that the rural market in the United States offers sales opportunities not only for cotton dresses but also for ranch mink coats and gourmet foods. For John Plain, these sales total over $8 million a month during the peak season.

Assistant Trade Commissioner G. F. Osbaldeston points out a prospective supplier, listed in the Canadian Trade Index, to Harold Lachman, board chairman of John Plain and Company.

Selling to John Plain and Company is one way for the Canadian manufacturer to obtain distribution in the rural heartland of the United States. At least two Canadian manufacturers have been successful and their products are carried in the 1959 catalogue.

How Company Buys

John Plain buys directly from the prime manufacturer, through a manufacturer's salesman or his "factory representative". It is customary for its initial order to amount to about 60 per cent of the estimated demand. On staple items with which the firm has had previous experience, it frequently buys its total requirements in advance of the season.

John Plain buyers prefer that sales representatives call in person at least once a year. As Harold Lachman, the chairman of the board, says, "We are only human. We want to meet our suppliers' representatives and prefer to transact business at a personal level." As a rule of thumb, a supplier should contact John Plain at least six months before a catalogue is issued.

Suppliers are expected to ship re-orders in accordance with the agreement they reached with the buyer when the first order was placed. Some products are readily available, others require "lead time". Distance of the supplier from John Plain is also a factor. These points are considered in reaching an agreement on re-orders with the buyer. In every case, delivery time must be known to the buyer and he must be able to rely on the agreement that is concluded.

Re-Orders May Be Problem

The rapid billing of re-orders for imported goods is sometimes difficult. This is particularly true of items originating in Europe or Asia. John Plain has had little experience with Canadian sources. The reason that imports pose a problem is that no one in the mail-order industry can tell what the demand for a product will be. It is risky to order 100 per cent of anticipated demand. But if one buys too little, customers are disappointed; re-orders are impractical and even then the cost of handling back orders is high. When a Canadian manufacturer prepares his approach to John Plain, he should be ready to demonstrate to the buyer that Canadian sources are as accessible as United States ones. Proper allowance should be made for transportation time and customs clearance. Drop shipments are used only when they are clearly to the advantage of everyone concerned. One example: birthstone rings come in yellow or white gold, with a choice of twelve stones and about ten finger sizes. To have an inventory of one piece would therefore require 240 items. Obviously the factory has to keep such a product in semi-finished condition and assemble on order.

John Plain sells a wide variety of items. Some, because of the cost of transportation and its relation to the value of the merchandise, are not suited to a mail-order business. Common sense is the right guide in determining whether the size, weight and price of an item makes it suitable for mail-order selling.

Canadian Products of Interest

John Plain buyers are prepared to examine any product that is presented to them. Manufacturers of winter sporting goods, gourmet foods and toys that are already being sold in the United States should add John Plain to their list of Chicago calls. A Canadian product that is new, different or better than similar products on the market, and yet competitively priced, is always of interest to the U.S. buyer—and certainly to John Plain.

There is only one way to find out if your product can be sold to this organization—offer it to them.

Mechanics of Selling

John Plain maintains a staff of merchandise managers who are responsible for a certain number of product lines. The merchandise manager of a group of lines has his assistants and they in turn have record-keeping clerks and re-order personnel. The merchandise manager is the person to contact on first approach.

John Plain buyers frequently have found that sales representatives are not thoroughly acquainted with their product and the literature presented is too sketchy. Facts are what they want. Both the salesman and the product literature should present these facts clearly and succinctly.

Once the product is accepted, good retouched photographs (Velox prints or colour separations) are desirable. If photographs are not available, samples from which the required artwork can be made will do. An advertising allowance towards the cost of publication is common and should be anticipated.

Most invoices are settled on a ten-day basis, some on the tenth of the month following, some on a seasonal basis. Products that only move in quantity late in the season create a special problem for the manufacturer. He must stretch his manufacturing season over as long a period as possible. For such manufacturers it is often the custom to produce early, deliver as ready, and give dating to adjust.

Opportunities Offered

These are the fundamental facts on the John Plain Company. Perhaps of equal importance is the attitude of Mr. Harold Lachman, chairman of the board, to Canadian products. He stated that the "imaginary line" separating the U.S. and Canada would in no way influence the firm's purchasing decisions. Of course it is concerned about delivery dates, customs delay, reliability of supply and the company with which it might deal. In effect, the opportunity to compete for John Plain business is open to Canadian manufacturers. Success depends on their own efforts. •

C. O. R. Rousseau, Commercial Secretary in Beirut, reports on

LEBANON
SYRIA
IRAQ
JORDAN
KUWAIT
BAHRAIN

six Middle East countries in his territory and what Canada can sell to them.

LEBANON The political crisis in this little country last year has had a marked effect on its foreign trade, traditionally the mainstay of its economy. The following figures for 1957-58 show the immediate impact that the disturbances had on import and export trade:

	1958	1957
	(millions of Lebanese £)	
Exports	110	152
Imports	518	626
Total	628	778

Can.$1 = L£3.23.

Now, more than eight months later, confidence in the economy is being slowly restored.

Canadian exports to Lebanon in 1958 exactly doubled those of 1957, with a total of $2.2 million compared with $1.1 million in 1957. On analyzing these figures, however, the gift of flour to the United Nations Relief & Works Agency for Palestine Refugees must be taken into account. Nevertheless, the general trade last year was slightly higher than in 1957, despite the political disturbances. The principal exports from Canada were:

Commodity	*Export Value '58*
Flour	$1,100,000
Asbestos fibre	236,000
Tires and tubes	93,000
Washing machines	85,000
Wheat	80,700
Douglas fir	79,000
Automobiles	69,000
Pharmaceuticals, drugs and chemicals	59,000
Other motor vehicles and parts	36,000
Steel sheets, plates and strips	27,000
Asbestos brake linings and clutch facings	20,000
Aluminum ingot	17,000

Both the volume and the value of Lebanese imports into Canada have always been small. In 1957 they totalled $43,000 and last year $81,000. They consist mainly of handicraft articles, but settlers' effects are included in the total.

Trade Controls, Documentation

About 25 products going into Lebanon require a prior import permit; the major ones are powdered milk, wheat, barley, preserved apples, methanol, leather, rubber soles and sheets, footwear, metal furniture, and women's clothing. Flour does not need a licence but shipments must conform to certain specifications—protein 13 per cent minimum on dry basis, moisture 14 per cent maximum, ash 0.52 per cent. There is an entry tax of four piastres per kilogram.

All other goods may enter without import licences and are paid for in foreign exchange, freely available because there are no currency restrictions. This makes it an interesting market for foreign suppliers but also a highly competitive one.

The following documents are required for shipments: bill of lading (original), and original invoice with certification of price and country of origin of goods. This must be certified by a Chamber of Commerce and legalized by the Lebanese Consul in Ottawa. Exporters in Canadian cities other than Ottawa may substitute certification by a Chamber of Commerce or similar trade organization for consular legalization.

How to Approach the Market

Although the population of Lebanon is only 1.5 million, the market potential is greater than this would indicate, because the standard of living is much higher than that of neighbouring Arab countries; moreover,

71768-6—3

Begins Canadian Tour

Roger Rousseau begins a tour of Canadian centres on July 6 in Ottawa; his itinerary appears on page 31. Mr. Rousseau has been Commercial Secretary at the Canadian Embassy in Beirut since 1957. Before his posting to Lebanon, he served in New Orleans and Mexico City.

the country carries on a large transit trade. Canadian exporters interested in Lebanon should offer competitive prices, give their agents the means to meet the heavy competition with adequate commissions, and provide generous advertising allowances when necessary. They must also be prepared to grant credit terms, especially when the goods lend themselves to instalment buying. It must be borne in mind that the Lebanese merchant is commercially shrewd and well informed. He knows his market and is therefore very price-conscious. Lebanon can be an excellent outlet for seconds and stock lots. ●

SYRIA The economy of the Syrian province of the United Arab Republic is based mainly on agriculture and relies for its foreign exchange almost entirely on the export of its three main crops—cotton, wheat and barley. The plains of the Jezireh area in the north are as important to Syria as the prairies are to Canada. Since the union of Syria with Egypt at the beginning of 1958, the danger of having an economy based solely on agriculture and year by year at the mercy of the elements has been fully recognized and the original five-year industrial program has been accelerated, with technical and financial aid from the U.S.S.R. and satellite countries. For the past few years, Syrian trade with the Eastern countries has increased and the aid being offered currently has strengthened this trend.

Last year's crops suffered greatly from lack of rain: the following statistics show the impact of the drought on exports:

	1958	1957
	(millions of Syrian £)	
Imports	739	616
Exports	432	548
Total	1,171	1,164

Free market rate: US$1=S£3.60.

Trade with Canada

Canadian trade with Syria is not large and it is usually in Canada's favour. Syria is now trying to balance her trade bilaterally. In addition, Syrian staple exports, with the exception of cotton, are similar to those of Canada and this makes trade difficult.

	1958	1957
	(thousands of Can.$)	
Imports from Canada	766	812
Exports to Canada	200	242

Canada's principal exports in 1958 were:

Commodity	*Export Value '58*
Reapers, threshers and combines	$176,000
Douglas fir	157,000
Steel plates, sheets and strips	64,000
Woollen outer garments	62,000
Medicinal preparations	50,000
Automobiles	30,000
Asbestos brake linings and clutch facings	30,000
Gas engines and parts	27,000
Tires and tubes	20,000
Acids	18,000
Automobile parts	17,000
Washing machines	13,000

Canadian imports from Syria in 1958 consisted mainly of cotton linters ($171,000) and tobacco ($26,000).

Import Regulations

All imports are subject to a prior licence. Payment is made in foreign exchange which can be bought freely but the Exchange Office keeps watch on supplies of foreign currency and frequently imposes restrictions on imports. At present commodities are grouped as follows:

1. Products for which licences are granted from all sources—foodstuffs, chemicals and pharmaceuticals, agricultural and industrial machinery and equipment, building materials, lumber and other essential goods.

2. Products for which import licences are restricted to the Arab States and countries with which Syria's trade is in balance. These are the Communist bloc countries, Italy, France, Denmark and Greece. Included are hides, leather and leather articles, furs, wool, linen, rope, hats, ceramics, glass, iron, steel, aluminum products.

3. Products for which licences are *not* granted for the time being—chocolate, pastry, vinegar, cement, furniture, doors and windows, silk goods, cotton goods, clothing, lighting fixtures.

4. Prohibited imports, including pigeons, flowers, potatoes, wheat, vegetable oils, confectionery, tomatoes, fruit and fruit juices, soap, stockings, footwear, glass, floor tiles, textile machinery, hosiery and knitting machines.

In the past, because of the former customs union between Syria and Lebanon, it was usual to appoint one agent in Beirut to cover both countries. Syrian law now prohibits representation by foreigners, and separate agencies should be set up. Whenever possible,

quotations should be c.i.f. or c. & f. Lattakia, as the Syrian authorities are endeavouring to channel trade through their own port. Canadian trade promotion is carried on by the Commercial Secretary in Beirut, in close co-operation with the Commercial Counsellor at the Canadian Embassy in Cairo, the capital of the United Arab Republic. •

IRAQ Iraq is one of the richest countries in the Middle East from the point of view of resources. It has large tracts of arable land and plenty of water for irrigation from the Tigris and Euphrates Rivers that cross the entire country from northwest to southeast. It has its own warm-water port of Basrah through which to ship its large exports of wheat, barley and dates. Last but not least, it can count on large oil royalties that help to balance the budget and meet the entire cost of the development program. Except for oil, the economy is based essentially on agriculture but industry is gradually being built up. It is difficult at the moment to say what lasting effect the political events of last July will have on the economy.

The following statistics show that Iraq imports much more than it exports but the oil revenues keep payments in balance. The large imports consist mainly of technical equipment for the big-scale development going on.

	1958 (9 months)	1957
	(millions of Iraqi dinars)	
Imports	82.7	121.7
Exports (commodities)	11.3	12.8

	1955	1956	1957
Oil exports	168.0	156.5	113.1

Apart from oil, imported into Canada only occasionally, Canada usually has a trade balance with Iraq.

	1958	1957
Imports from Canada	969	1,069
Exports to Canada	1,557*	431

*Including oil.

Our exports to Iraq include a wide variety of products; the ten leading ones last year were:

	1958	1957
Automobiles, passenger, new, over $1,000	221,856	218,579
Aluminum in primary forms	158,506	109,896
Pneumatic tires for trucks, buses	77,519	179,971
Reapers, threshers or combines	62,848	59,900
Milk powder, skimmed milk	61,030	
Milk preparations, n.o.p.	53,248	
Ploughs, disc, and parts	49,490	23,302
Cooking stoves, gasoline, oil	45,823	47,568
Washing machines, domestic, electric	35,943	65,132
Shoe machinery and parts	31,172	3,955
TOTAL, including all exports	1,069,629	969,740

Canadian purchases from Iraq consist chiefly of dates ($923 thousand in 1958) and oil ($613 thousand).

Import Regulations

All imports into Iraq are subject to prior licence and new licences are not granted until the old ones have been used. Discrimination between soft and hard currencies was abolished following last year's change of government and allocations for 1959 can be used for goods from any source. For import purposes, commodities are divided into three categories:

(a) Goods the import of which is authorized only in cases of extreme urgency, because similar products are produced in the country.

(b) Goods subject to quota, for which applications for import permits will only be considered in response to specific notice to importers. These notices are issued periodically even though quotas have been established for the whole year.

(c) All other goods not subject to quota limitation, for which applications will be accepted throughout the year.

The detailed lists are long; exporters may obtain them from the International Trade Relations Branch of the Department of Trade and Commerce in Ottawa, or from the Commercial Secretary in Beirut.

Approach to the Market

Iraq, with its 6.5 million population and rising purchasing power, is a market well worth developing. Since last July, import restrictions on dollar goods have become less stringent but controls on imports in general have not been relaxed. Lately a number of trade agreements have been signed with Communist countries. Iraqi merchants, in common with their Arab counterparts in neighbouring countries, are price conscious and Canadian exporters should bear this in mind. Quotations should be c.i.f. or c. and f. Basrah. •

JORDAN The economy of the Hashemite Kingdom of Jordan depends to some extent on outside economic aid. This year's budget of JD38 million is made up of JD10 million from internal revenues and the rest represents financial aid from the United States and the United Kingdom. Tension within the country is easing and bankers and merchants feel that the current year will be a good one. But the following foreign trade statistics show how much Jordan depends upon external aid to narrow the gap between what it earns from exports and what it spends on imports.

Total Trade	1957	1956
	(thousands of Jordanian dinars)	
Imports	30.5	27.8
Exports	4.3	4.3
Deficit	26.2	23.5

JD1=£1=U.S.$2.80. (official rate)

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As the following table shows, the exchange of goods between Canada and Jordan is small but might be increased by special efforts on the part of Canadian exporters:

	1958	1957
	(thousands of Can. dollars)	
Imports from Canada	158	98
Exports to Canada	5.5	3.7
Canadian balance	+152.5	+94.3

Our main exports are synthetic resin manufactures—plastic laminate, etc., ($17,000), washing machines ($8,000), medicinal preparations ($6,000), aluminum ($5,000), Douglas fir ($6,000), tires and tubes ($3,000).

Jordan's exports to Canada include mainly handicraft products, religious articles, etc. ($2,000).

Import licences are required for all goods except certain ones from Arab countries. There is a short list of prohibited imports, including cement, cigarettes, pure alcohol and soft drinks. Until 1957 Jordan received aid only from the United Kingdom and it was therefore difficult to obtain import permits for dollar goods. However, because financial aid now comes mainly from the United States, dollars are made available much more freely.

Market Approach

Although the Jordanians recognize the difficult economic position of their country, they are not despondent. Financial aid enables them to build roads, develop their phosphate and potash deposits, enlarge their port facilities at Aqaba, and prepare large irrigation projects that will help agriculture. The hope is that Aqaba will be able to handle the majority of imports into Jordan and the authorities are taking steps to channel imports through it. In preparing quotations for Jordan, this should be remembered.

This is a price-conscious market and this attitude is being intensified by an influx of products from Communist countries. ●

KUWAIT

Oil dominates the economy of Kuwait. Other economic activities such as animal husbandry, fishing, and the ancient pearl-diving industry are negligible and the entire country lives, directly or indirectly, on oil revenues. This small sheikhdom with a population of 206 thousand sits on one of the largest oil pools in the world and last year oil royalties amounted to $370 million. The impact of this money is of course tremendous and Kuwait has all the earmarks of a boom town. Through it all, however, its merchants and buyers for government departments have kept their sense of price and large contracts are only awarded after bids have been carefully studied.

Kuwait does not publish official statistics, but it is estimated that in 1957 imports totalled £57 million, compared with £41 million in 1956 and £33 million in 1955. The market is expanding rapidly and demand is particularly keen for metals and metal manufactures, cement, lumber, vehicles, electrical appliances, textiles, pharmaceuticals, cereals, flour, etc. Britain and the United States are the principal suppliers, but West Germany, Japan and others are making determined bids to increase their trade with Kuwait. Export trade is confined to oil.

Import Regulations

Apart from alcoholic drinks, no import permits are required; there is an import duty of 4 per cent payable on all commodities. Some items imported for the State and for the oil company are admitted duty-free. Foreign currency is readily available.

Shipments require a bill of lading, three copies of a customs declaration, and the original c.i.f. or c. and f. invoice, with certificate of origin.

Approach to the Market

Competitive prices are the prerequisite for sales success and food exporters in particular could certainly capture more of the market if they could meet competition. The demand for air-conditioning units, refrigerators, etc., will increase as development proceeds and more modern buildings go up. There are frequent calls for tender for this type of equipment for government buildings and suppliers wishing to bid must do so through a Kuwaiti company. Pharmaceuticals are purchased by government tender and distributed free to the population. Here again, a Kuwaiti agent is needed to present bids.

An exporter whose prices are competitive should send the Commercial Secretary in Beirut details about his products and price lists so that a survey may be made and suitable Kuwaiti contacts suggested.

If they wish to participate in the big construction projects, Canadian engineers should visit the area to gain an understanding of the vast potentialities of this rich oil-producing country. At least three or four days should be spent in Kuwait. ●

BAHRAIN

Oil dominates the economy of Bahrain also and 75 per cent of its annual revenue is derived from this source. The remainder comes from customs dues and the transit trade, mainly to Saudi Arabia.

The Government's oil revenues reached $12.6 million in 1958, more than double the 1957 figure of $6 million. Local production represents only about 20 per cent of the total oil refined in Bahrain; the rest comes by pipeline from Saudi Arabia.

The population totals about 125 thousand and virtually everything has to be imported. This is therefore a promising market that will continue to expand as Western ideas of living become increasingly popular.

Foreign Trade

In 1958 Bahrain's imports reached £18.5 million. The United Kingdom was, as usual, the principal supplier, followed by the United States, Iran and Pakistan. Re-exports totalled £6.8 million in value. In 1958 Canadian shipments to Bahrain amounted to £5.8 thousand and the chief products were timber, foodstuffs, clothing and household goods.

Import permits are required only for alcoholic beverages. Customs duty is 5 per cent on essential goods, 10 per cent on non-essentials, and 15 per cent on tobacco and alcoholic beverages. Foreign exchange is available.

A certified invoice showing the country of origin of the goods is required in shipping to Bahrain, plus the bill of lading. Any allowable discounts must be shown on the invoice.

Approach to the Market

Canada's share of the foodstuffs market particularly could be greater if prices were more competitive. They should be quoted c.i.f. or c. and f. Bahrain. The potentialities of this market are being more and more realized by the United States, European and Far Eastern countries, whose businessmen frequently visit Bahrain.

Canadian exporters planning world or regional tours would be well advised to include Bahrain in their itinerary. •

Commodity Notes

Automotive Equipment

BRAZIL—Willys Motors and Renault will jointly invest about US$12 million in machinery and equipment to be shipped soon from France, Germany, the United Kingdom, Italy, the Netherlands, Belgium, Switzerland and the United States. Total investment in machinery and equipment will exceed US$29 million—the biggest investment of this kind in the Brazilian motor industry. To pay for buildings and locally produced equipment, Willys-Overland will issue new shares worth Cr.$950 million—São Paulo.

Bananas

FRENCH WEST INDIES—Banana growers in Guadeloupe and Martinique expect difficult times in 1959. Prices are unusually low, mainly because production in French overseas territories exceeds consumption in France. The banana crop for Guadeloupe in 1959 is estimated at 110 thousand tons and for Martinique at 130 thousand, compared with 104 thousand and 112 thousand tons in 1958. But prices since the beginning of the year have sometimes fallen as low as 40 francs (8 cents) per kilogram (one kilogram=2.2 pounds). The price situation should ease, however, if overseas producers in the French Community, such as Guinea, succeed in finding outlets other than France for their bananas—Pointe à Pitre.

Coffee

BRAZIL—According to the Brazilian Coffee Institute, a total of 1,413,532 bags of coffee were exported in April 1959, of which 861,102 were shipped to the United States—São Paulo.

Cotton

BRAZIL—The cotton crop in the state of São Paulo is expected to be the biggest in a number of years. Yields have been increased through the use of seed selection and new planting techniques, and by the support given by public authorities.

Up to now the Foreign Trade Department (Cacex) of the Banco do Brasil has prohibited the export of cotton. However, with a probable exportable surplus of 100 thousand tons on its hands it is expected that

as soon as the recent rain damage to the Paulista crop and the prospects for the northeastern one have been evaluated, it will lift this prohibition. In a report to the Minister of Finance, Cacex is said to have recommended resumption of exports and an exchange rate more favourable than the present Cr$100 per U.S. dollar for cotton exports. Some trade circles predict that the Government will, in fact, grant a free rate of exchange for such exports—São Paulo.

Copper

AUSTRALIA—Australia's largest single copper exporter (over $45 million worth a year), Mount Isa Mines Limited, is planning an $8 million expansion of its new Townsville copper refinery, even before it opens in June, to increase production from 40,000 to 100 thousand tons a year. This brings to $43 million the amount the northern Queensland firm will have spent on development since 1956. The State Government is considering a $63 million plan to rebuild the 603-mile railway from Mount Isa to Townsville.

The decision has been made to begin copper fabrication at Townsville and equipment is being installed to roll copper rod and draw copper wire. Some of it will probably be sold in Australia and the remainder exported—Sydney.

CHILE—Copper production at the three important U.S.-owned mines in Chile for the first four months of 1959 totalled 160,355 metric tons, an increase of 36,033 over the 124,322 tons for the same period in 1958—Santiago.

Fishmeal

PERU—Press reports state that Peruvian exporters have been given a quota of up to DM20 million for the sale of fishmeal to West Germany during the first half of 1959. The quota is said to cover all West Germany's requirements during the period. Last year's exports of fishmeal to West Germany were valued at only DM15 million for the whole year—Lima.

Germanium

BELGIUM—Belgian-owned mines in the Belgian Congo almost doubled production of germanium oxide between 1957 and 1958; some 51,600 lb. were mined last year. All the oxide from the Congo is converted to germanium in Belgium. The fact that the output of the American-owned Tsumeb mine in South West Africa is also processed here makes Belgium the largest producer of germanium in the world. South West African output totalled 45,000 lb. in 1957. World production has been estimated at about 100 thousand lb. a year.

Germanium is the principal constituent of transistors, now widely used in the radio and electronics industry. Sales in the United States in 1959 are expected to reach 73 million units, an increase of 40 per cent over 1958. So far, there is only one firm in Belgium that makes transistors, but its output is increasing. Although transistor production has expanded, the demand for germanium has not risen accordingly because of increased efficiency in its use; prices therefore have remained stable. Prospects for this rare metal are none the less bright—Brussels.

Hydro-Electric Power

AUSTRALIA—The Victorian Government plans to build a £100 million power station with a capacity of almost 1¼ million kw. on the brown-coal fields near Morwell, Victoria. The Victorian State Electricity Commission has submitted a full report on the project to the Government, which has authorized expenditure of about £134 thousand on site preparation and an access road. The project is designed to meet Victoria's increasing electricity needs between 1964 and 1971—Melbourne.

Newsprint

URUGUAY—Lack of permits for the import of newsprint has caused a grave situation here. Members of the Press Association recently called a special meeting at which they resolved to present a petition to the import control authorities requesting permits for at least their minimum requirements, if a crisis is to be avoided—Montevideo.

Oil

CHILE—Production for the month of March 1959 totalled 81,877 cubic metres—an all-time record. Average monthly production for 1958 was 73,500 cubic metres—Santiago.

FRANCE—Some $276.5 million is to be invested in 1959 in oil exploration and operation of wells in the French Sahara. In addition to searching and drilling, this figure covers construction of two major pipelines: Hassi-Messaoud-Bougie, and Edjelé-Sehirra. In the whole French Community in 1959, approximately $543 million will be put into exploration and production of oil—Paris.

Paper

SWEDEN—Wargöns AB has received the permission of the Swedish Government to borrow kr.2 million (from funded means) to finance a new paper mill. This mill, estimated to cost about kr.30 million, is expected to come into operation in 1961. In full pro-

duction it will turn out about 30,000 tons of sulphite and journal paper a year—Stockholm.

Pulp from Birch

SWEDEN—Stora Kopparbergs Bergslags AB's central laboratory in Falun has developed a method of making semi-chemical paper pulp from birch. The pulp can be mixed with newsprint and tests are being carried out at Kvarnsveden in mixing about 15 per cent semi-chemical birch pulp with newsprint. The experiment is not yet complete and it is still too early to comment on the final product.

The pulp is boiled to an exchange of 83-86 per cent (against the usual 43-45 per cent) and is then filtered by treatment in disc refiners. This type of pulp could eventually replace sulphite pulp in newsprint. Small amounts of chemically bleached birch pulp have been used in the past in the production of fine paper—Stockholm.

Tea

PAKISTAN—The Government of Pakistan has, effective April 29, raised the excise duty on tea to discourage home consumption and ensure exports to the minimum fixed quota of 20 million pounds in the 1959-60 season. The Government proposes to replace the existing Tea Act by an ordinance to enforce compulsory export of tea and expansion of tea cultivation.

Total average production of tea has been 56 million pounds a year. Exports from 1951-52 to 1956-57 averaged 25.5 million pounds a year but in 1957-58 they dropped to 7.2 million. During the 1958-59 season, Pakistan exported 12 million pounds—Karachi.

Thermoelectric Power

CHILE—The Compañia Chilena de Electricidad Limitada (a subsidiary of American Foreign Power Company), which supplies electric power in Santiago and its suburbs, has officially announced the construction of two thermoelectric plants to ease the power shortage. Each plant will produce 100 thousand kw. and will use 150 thousand tons of coal a year. The plan involves an investment of US$100 million, of which US$40 million will be put up by the Export-Import Bank on a long-term basis, and the remainder by the parent company—Santiago.

Timber

NEW ZEALAND—During the next forty years, the New Zealand Forest Service plans to double the present one million acres of land planted in exotic forests (trees native to other countries). In addition, it will intensify measures for regenerating indigenous forests that have deteriorated from overcutting or other causes. New Zealand's rapidly expanding pulp and paper industry is based on exotic timbers, which are also gaining acceptance for construction—Wellington.

Transformers

COLOMBIA—A factory to make transformers has been set up in Bogotá by the Colombian branch of the German firm Siemens; the raw materials will, as far as possible, be bought domestically. As production increases, it is hoped to cut down on imports of transformers—Bogotá.

Uranium

FRENCH EQUATORIAL AFRICA—The deposit of uranium at Mounana in Gabon, one of the new republics of the French Community that sprang from the new constitution, is to be put into operation. The initial work, such as providing equipment at the mine and extraction of the ore, is being undertaken by the Franceville Compagnie des Mines d'Uranium—Paris.

Watches

SWITZERLAND—Switzerland's total exports during the first quarter of 1959 increased by sfr.9.4 million, but sales of watches abroad declined. Watch exports were valued at sfr.212 million, a slump of 14.5 and 24.5 per cent compared with the corresponding periods of 1958 and 1957, respectively. The decline is principally in lower sales to Asia (29.3 per cent) and Europe (17.4 per cent). Shipments to Africa fell by 7.5 per cent in value, and those to North and South American countries by 2.8 per cent, though sales to the latter rose by 7 per cent in volume. There is still some unemployment in the Swiss watch industry, but a slight improvement was noted in March in totally unemployed watch workers—Berne.

Engineering Opportunity

The Comisión Hidroelectrica del Rio Lempa (CEL) of El Salvador plans to build a 15 megawatt generating unit at its Guayabo plant and to expand its transmission system. Work on the transmission system will involve construction of a 115 kv. line from San Salvador to Santa Ana, a distance of about 37 miles. A World Bank loan of US$3 million was granted to El Salvador in February to help finance the project and total costs are expected to reach about US$6.5 million. More information may be obtained from Comisión Ejecutiva Hidroelectrica del Rio Lempa (CEL), San Salvador, El Salvador. Because of the slowness of surface post, businessmen are advised to use airmail.

French car and truck manufacturers are turning out over one million vehicles a year and exporting 256 per cent more than they did seven years ago. Shown at left is one of their top sellers, the avante-garde Citroën *DS-19, with its revolutionary air-oil suspension system.*

French Auto Industry *Speeds Ahead*

C. T. CHARLAND,
Assistant Commercial Secretary, Paris.

THE French automotive industry, riding high on firm demand at home and an expanding market abroad for small European cars, chalked up new production and export records in 1958. Figures released last January show that automobile production for the first time passed the million-vehicle mark. Now the world's fourth ranking car-maker, France bids fair to overtake Britain and Germany for the number two spot. Its automotive plants turned out 1,127,754 motor vehicles, or one car every 27 seconds, last year; about 924 thousand of these were passenger cars and 203 thousand commercial vehicles.

During the first quarter of 1959 automobile makers again outdid themselves. Instead of standing still or slackening pace as had been predicted, they set a new record in March both in the number of vehicles manufactured and in volume of production.

OUTPUT OF AUTOMOBILE INDUSTRY

	(thousand units)								First qtr.
	1938	1952	1953	1954	1955	1956	1957	1958	1959
Passenger cars	182	370	368	437	533	648	724	924	266
Commercial vehicles	45	130	130	163	172	179	204	204	49
TOTAL	227	500	498	600	725	827	928	1,128	315
Per cent increase over preceding year				20	17.5	14.3	10.5	21	

At present, automobile output is 4½ times larger than before the war, but the actual number of vehicles coming out of the factories is more than six times greater. The difference between volume and number is explained by the fact that more small cars have been produced since the war.

Exports Still Rising

Exports kept abreast of the rise in output and 358 thousand vehicles, or 32 per cent of total production, were sold to foreign customers last year. Between 1956 and 1957, French exports of motor vehicles climbed by 43 per cent, compared with increases of 37 per cent in Italy, 22 per cent in West Germany, and 18 per cent in Britain.

This remarkable pace was maintained in 1958 and foreign shipments jumped another 42.5 per cent. Some 78 per cent of all passenger car sales and 38 per cent of commercial vehicle sales were made to customers in other countries; the franc zone took 22 and 62 per cent respectively.

Motor vehicles represented 9.8 per cent of the total value of manufactured products sold abroad in 1958, against 3.8 per cent in 1955. It is also significant to note that though automobile production rose by 96 per cent in the five years 1952 to 1957, exports of vehicles increased by 256 per cent during the same period.

Some French auto manufacturers, to woo the Canadian consumer, have set up special Canadian sales divisions. Salesmen in these emphasize the comfort, compactness and fuel economy of French cars. Canadian purchases of French automobiles were practically nil in 1955 (14), but have risen from 33 in 1956 and 188 in 1957 to 7,360 in 1958.

State-incorporated Renault has, at Flins and Billancourt, two of the most automated auto factories in the world and, in the low-price *Dauphine*, a highly successful export to foreign markets. In 1958, Renault turned out 430 thousand vehicles of all kinds, compared with 336 thousand in 1957; some 170 thousand units were sold abroad against 117 thousand in the preceding year. In Canada alone, the company's sales rose from 170 in 1957 to 6,254 in 1958 and are expected to reach 10,000 in 1959. It has been predicted that Renault will sell 100 thousand cars in the U.S. this year.

The Citroën company—famous for its revolutionary developments, such as the air-oil suspension system—placed second among the 22 companies making autos and trucks in France. It turned out 246,305 vehicles in 1958, a substantial rise from the 1957 total of 178,858.

Simca (now 25 per cent owned by Chrysler Corporation) increased output by 21 per cent over 1957 and this year expects to sell 60,000 of its cars abroad. Both Peugeot and Panhard (France's oldest auto manufacturer) enjoyed substantial gains in 1958. By mid-1959, the latter's output is planned to reach 955 a day.

A major contribution of the French motor industry is Berliet's *Magic* diesel motor which runs on any fuel and is said to produce 20 per cent more power than any other motor of the same size. The same company is also responsible for the world's largest truck (44 ft. long, 15 ft. wide, powered by a 600 h.p. diesel motor) which was built specially for use in the Sahara.

The automotive industry has also stimulated other sectors of the French economy by using domestic materials. In 1957 alone it consumed 15 per cent of the steel, 45 per cent of the synthetic rubber and 85 per cent of the plate glass turned out in France.

Preparing for the Common Market

As the machinery of the Common Market begins to shift into high gear, France's motor car industry prepares to meet the challenge of new competitive pricing and the provisions by which France must enlarge import quotas and cut tariffs on cars from participating countries. French quotas on passenger car imports from all sources will be more than trebled next year. The scope for increasing French sales will be limited only to the extent that French exports to Germany and Benelux are already unrestricted by quotas and tariffs in these countries and will be little affected by the 10 per cent tariff cut agreed on January 1, 1959. Meanwhile the Italian import quota is expected to rise substantially this year and Renault has slashed the price of the *Dauphine* on the Italian market by over 10 per cent.

Although it is not yet possible to gauge production costs and market acceptance for the coming year, French car manufacturers are busy expanding facilities and improving productivity with an eye to even greater output in 1959. •

Belgium's Carpet-Makers Prosper

THE tourist travelling through Europe will almost invariably find a Brussels tapestry in the museum, palace or guildhall he is visiting. Brussels and the chief cities of Flanders have for centuries been centres of a weaving industry renowned throughout the world. Today the manufacture of wool, cotton and jute carpets in Belgium accounts for roughly 1 per cent of the national product; about 85 per cent of production is exported.

In contrast to the difficult times the textile industry has weathered generally since the war, Belgian carpet manufacturers have increased their output. Since the war there has been a shift in the structure of the industry. In prewar days, cotton and wool carpets were chiefly imitations of Oriental types. The influence of the United States, however, has led to the production mainly of single-colour wool carpets worked on broad looms. Tufted carpets have recently been added to the range of products.

Carpets, especially woollen ones, are considered luxuries and demand for them therefore is closely tied to income levels. This partly explains the large sales to the United States, Germany and Canada. The U.S. bought about one-half of Belgium's total exports of 10,518 tons of woollen carpets in 1958, West Germany took 1,980 tons, and Canada 1,425. Because of Germany's rapid economic development, the reduction of its import duties on carpets, and the loss of supplies from the Eastern Zone, it has become a good customer in recent years. It bought 3,204 tons of Belgian jute carpets last year, out of the country's total exports of 5,905 tons. As a partner in the Benelux Customs Union, Belgium enjoys a free market in the Netherlands. Sales of wool carpets to that country totalled 746 tons in 1958, of cotton carpets 200 tons, jute 609 tons, and coconut and other hard fibres 1,371 tons. The United Kingdom figures as an important buyer of cotton carpets (4,706 tons in 1958) because it does virtually no cotton carpet manufacturing of its own.

Despite high wages, the Belgian carpet industry has maintained competitive prices, mainly because it uses modern equipment and has a legacy of skills handed down over many centuries. Belgium has remained the leading supplier of a number of important countries and on the whole, the industry expects to fare well in the Common Market and in world markets in the future.

—J. R. ROY,
Assistant Commercial Secretary, Brussels.

What are the prospects for

Doing Business in Ethiopia?

New development projects mean opportunities for foreign suppliers of engineering goods and services at present and, in future, for other products—as per capita income increases.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

"THE Kingdom of Ethiopia is unique in the continent of Africa," remarked the Editor of *Foreign Trade* one day. "Even for the purpose of grouping it handily into a geographical area for our annual survey of business conditions, it almost defies classification." Ethiopians would readily agree and would probably be quick to point out other reasons for describing their country as unique:

—Ethiopians are Africans but ethnologically they are not negroid.

—In a vast continent made up largely of countries that are or have been subject territories, Ethiopia has been mainly independent since biblical times.

—The country borders on the Arab-fringed Red Sea and has a large Moslem population; yet the majority of Ethiopians have been Christian since the dawn of Christianity.

—The people have enjoyed political stability for centuries. The traditional form of government is absolute monarchy but parliamentary democracy is being introduced progressively.

—Although Ethiopia is underdeveloped and has virtually a one-crop economy, it enjoys financial stability and commercial freedom.

For these and other reasons the United Nations chose Addis Ababa, the Ethiopian capital, as headquarters for the Economic Commission for Africa—a regional organization set up to collect and disseminate economic, financial, commercial and statistical information. The E.C.A. had its inaugural meeting, with United Nations' Secretary-General Dag Hammarksjøld in attendance, early in January.

Off Year for Coffee Exports

From September 11, 1956, to September 10, 1957 (the year 1949 in the Ethiopian calendar), exports reached the record value of Eth.$197.3 million (US$1.00=Eth.40 cents) and imports, at Eth.$165.5 million, were only $2 million short of the record.

Sales abroad of coffee account for some 50 to 65 per cent of Ethiopia's total exports by value and the trend is that they are becoming more important. However, 1958 was the off year in the two-year coffee cycle and both quantities and values of exports are expected to be below average when final figures are published. Returns for the first seven months of 1958 show that coffee exports fell by some 4,200 tons or 12½ per cent from the same period of 1957. This decline plus a dip in world coffee prices cut foreign exchange earnings by over Eth.$18 million, or nearly 20 per cent of the value of total shipments to other countries.

Exports other than coffee have also fallen. The closing of the Suez Canal from November 1956 to April

—IBRD Photo.

The old camel trail from Addis Ababa to the Awash River cuts across country, but it occasionally runs close to the modern motor road; hence this striking contrast between old and new.

1957 caused the loss of European markets for cereals, pulses and oilseeds which normally contribute 10 to 15 per cent of total export earnings. Because of the loss of these markets, farmers cut back production last year and unfavourable weather further damaged an already exceptionally poor harvest. As a result, Ethiopia had to import some 15,000 tons of wheat from the United States and the Soviet Union and flour from Germany, when normally the country is self-sufficient or has an export surplus.

It is not easy to trace the final destination of Ethiopia's exports because a large proportion is shipped to Aden and Djibouti (French Somaliland) where coffee and other products are transhipped or re-exported. It is estimated that the United States takes 60 per cent of Ethiopia's coffee, and the remainder is sold to European and Middle Eastern countries. Canada's direct purchases are small and have been falling. Of our total coffee imports (110 million pounds a year), only 270 thousand pounds in 1957 and an estimated 150 thousand in 1958 came from Ethiopia, Aden, and Djibouti. However, some Ethiopian coffee may be bought on the New York market by Canadian blenders; its high acidity makes it popular in Western Canada because it goes well with alkaline water.

Imports Rise Steadily

The over-all value of Ethiopian imports has increased year by year from 1949/50 to 1955/56. In 1955/56 the closing of the Suez Canal caused a slight drop but with its re-opening, imports in 1957/58 should reach a record figure. Orders placed in the latter half of 1957 arrived in quantity during 1958. And though Ethiopian merchants did not foresee the recession caused by flagging exports last year, they took account of the general situation in the Middle East and the need to stockpile in the event of another emergency.

The decrease in exports and increase in imports caused a drop in foreign exchange holdings for the first time in some ten years. A recent bulletin of the State Bank of Ethiopia points out that it cannot be expected that foreign exchange earnings will continue indefinitely to exceed spending when no import controls are used. Ethiopia maintains only nominal controls on imports and foreign exchange. But coffee production and exports are being boosted both in quantity and quality; therefore, foreign trade is likely to grow unhampered and subject only to seasonal and cyclical fluctuations.

Leading Suppliers

The population of Ethiopia is largely self-sufficient in basic needs; purchasing power is not great and imports, on a per capita basis, are about one per cent of those of Canadians. Cotton textiles, mainly from India and Japan, head the list of imports at about 30 per cent of the total. However, a new local cotton textile industry with Indian capital and machinery will go some way towards supplying the country's requirements. Silk and rayon goods come mainly from Japan and Italy, and woollen products from Italy.

Italy is particularly well entrenched in the Ethiopian market because of her long association with this country and with Eritrea, a former Italian colony now federated with Ethiopia. Italy also has ties with neighbouring Somaliland, another former colony, now a United Nations trusteeship territory which gains its independence in 1960. There are many Italians in business and in the professions, as well as Armenians, Greeks, French and British. Ethiopians are showing an aptitude for business but as yet there are few Ethiopian firms in the import-export trade.

The Development Program

Economic and industrial developments in Ethiopia include a roadbuilding program, improvements to the port of Assab, airport and airline expansion, a hydro-electric plant (being built by Italy under reparations), a wire and cable factory, a textile mill, and developments in sulphur mining, sugar refining, agriculture, health, education, administration, and others. Of these the largest in value (Eth.$140 million) and the one which should be of most interest to Canadians is the Imperial Highway Authority's program of roadbuilding into hitherto inaccessible farming and coffee-growing areas. The program is financed in part by loans from the International Bank for Reconstruction and Development and staffed partly by engineers from the United States Bureau of Roads. Tenders issued by the Authority for construction materials and equipment are available from the Engineering and Equipment Division of the Department of Trade and Commerce, Ottawa.

A Worthwhile Market

The Ethiopian market has not been exploited to any great extent by Canadian exporters. Freight services from Canada to Djibouti, Massawa and Assab, the main ports, are infrequent and expensive in comparison with those from Europe. Furthermore, Addis Ababa, by far the most important centre in Ethiopia, is some 500 miles from the Red Sea ports; thus inland transport costs must be added to all imports.

The Ethiopian customs tariff is a single column ad valorem schedule applicable to all countries; however, because import and export duties are the Government's main source of revenue—some 80 per cent of the total—duties are relatively high, particularly on the kind of consumer goods that Canada might supply. Offsetting this, Ethiopia's foreign exchange and import controls are mere formalities and are not restrictive.

In the future, despite some industrial development, the country will probably remain predominately agricultural with a steadily rising standard of living and

purchasing power. Hence it is a market worthy of attention from Canadians. The value of Canada's export trade with Ethiopia averages between Can.$100 thousand and Can.$150 thousand a year. With the exception of truck and motor car tires, however, our trade is spotty and there is little continuity in the commodities sold from one year to another.

Who Are Buyers?

There are about 50 medium-to-large firms in Addis Ababa, with branches, agents or correspondents throughout the country engaged in foreign trade. Agents representing overseas firms on a straight commission basis are very rare except for government tenders; most representatives import for stock and resale, and handle a wide variety of goods. Many retailers do their own importing. Some difficulty will be encountered in finding suitable agents because (a) many firms may be handling competitive lines, (b) an inherent scepticism exists about Canada's ability to compete, and (c) the limited market may not warrant the effort necessary to establish a product.

Some purchases are made by the Ethiopian Government, and though it is better for Canadian firms to deal through local agents, this is not mandatory. Direct contact may be made with the following, all at Addis Ababa (correspondents are advised to use only registered airmail):

Imperial Highway Authority, P.O. Box 1770.

Ministry of Public Works, P.O. Box 384.

Medical Stores Corporation, Ministry of Finance, P.O. Box 1905.

Tobacco Monopoly, Ministry of Finance, P.O. Box 1905.

Ministry of Defence, P.O. Box 1036.

Imperial Body Guard, P.O. Box 772.

Government Printer (Berhanena Selam), P.O. Box 980.

Fairs and Exhibitions

St. Erik's Fair Draws Canadians

THE Department of Trade and Commerce, Ottawa, is setting out to test the Swedish market for Canadian goods this fall with a co-ordinated display of products at the *St. Erik's Fair* in Stockholm, September 2-13.

This will be Stockholm's eighteenth international trade fair and will differ from its predecessors in several respects. The principal change is its division into two sections. One, for producers of capital goods, will be open solely to buyers and experts. The other will be open to the general public as well as buyers.

Canadian manufacturers are contributing food products and beverages such as canned fruits, vegetables and whisky; clothing, leather and furs; sporting goods and toys; wallpaper; domestic and commercial appliances; industrial equipment and services such as snowmobiles, a gamma irradiation cell, saws and aerial survey techniques; metals and minerals, including finished products and ingots. In addition, there will be pictorial panels of the St. Lawrence Seaway, the development of Canada's northland, and the opportunities for establishing branch plants in Canada or for manufacturing Swedish goods under licence.

Businessmen interested in writing to the fair organizers should address their letters to AB St. Eriks-Mässan, Stockholm 28, Sweden.

How Was Business at the Boston Fair?

LAST April 20-24 at Canada's Trade Fair in Boston, Canadian Government officials and Canadian businessmen were not too busy answering trade inquiries and taking orders to notice the impact the show was having on the "Boston States". Shop windows featured Canadian goods; radio, TV and newspapers ran Canadian stories and news items about the trade fair; the special "Canada Week", which we featured in these columns before, ensured the widest possible coverage of the event. The result: about 20,000 people from Boston and the surrounding states turned out to see what Canadian manufacturers had to offer.

At the Frankfurt Fur Fair from April 16-19, the biggest show of its kind in the world, Canada was the only foreign exhibitor. Here buyers examine the display of Canadian furs, shown at their best in the made-up garments of mink and Arctic fox in the foreground.

In only a few instances were they disappointed; many products looked interesting and invited comments or queries, but sometimes manufacturers or agents were not on the spot to give the necessary information. Old hands at exhibiting at trade fairs place the proper manning of the booth near the top of their "must" list and have found that courteous, well-informed staff attract business. Some exhibitors who came later in the week were contacted by Boston merchants as soon as they arrived—it turned out that the product had gone a long way towards making the sale, but a salesman was needed to clinch it.

Many businessmen reported orders big and small for slippers, leathers, hi-fi sets, pianos, handicrafts, sweaters, boats (16 were sold on the spot), tartans and wallpapers. There were 207 recorded trade inquiries—not including those received by the exhibitors themselves—and 411 individual products or firms brought queries. At the time of writing, it is apparent that the volume of follow-ups being handled in the Trade Commissioner's Boston office leaves no doubt that the fair was a success. Reporting recently from Boston, F. B. Clark, Consul and Trade Commissioner, summed it up: "More inquiries have been received here in a month than is normal in *three months* after a trade fair."

Fur Fashion Show in Vienna

"THIS is the way to present Canadian furs," remarked a distinguished-looking gentleman, "but you must come back repeatedly, not only here, but in Paris and other major centres." The gentleman was the head of Vienna's largest, oldest and best known fur store and he was talking to R. K. Thomson, Commercial Secretary in Vienna, at the *Canadian Fur Fashion Show and Salon Display* from April 6-9. The show took place in the salons of the Hotel Bristol; three rooms displayed raw pelts, dressed pelts and finished garments (modelled by two young ladies), and over 150 representatives of fur trading firms and furriers were enthusiastic visitors. One of them, in fact, wanted an order for 200 extra large beaver pelts filled immediately! The three fashion shows, attended by Viennese couturiers, fashion editors, society women, and members of the fur trade, featured 39 Canadian fur garments. Nineteen came from Vienna's four leading furriers and local firms provided jewellery, hats, gloves, shoes and coiffures. "A worthwhile sales promotion effort," writes Mr. Thomson. "Viennese businessmen not only wanted to place orders on the spot and after the show, but many announced that they intended to go to the fur auctions in Canada."

After the Rand Easter Show . . .

FROM Johannesburg comes this report from the office of the Canadian Government Trade Commissioner on the *Rand Easter Show,* held from March 17-30 this year:

—Eleven countries had national pavilions: the United Kingdom, the Netherlands, Belgium, Rhodesia and Nyasaland, Czechoslovakia, Poland, Austria, Israel, France, Germany and Canada. Italy set up an information booth.

—Exhibits in the Canadian permanent pavilion included electrical, electronics, transportation, industrial, mining and automotive equipment, leather and leather products, household appliances, handicrafts, textiles, hardware, food products and chemicals.

—Canadian furs, toys, a power saw (in operation) and an aluminum boat drew the most attention.

—Attendance was estimated at some 628 thousand.

—274 trade inquiries about exports from Canada were recorded.

—Other inquiries, 1,763 in all, were received for tourist information, immigration regulations and general information about Canada.

—The 1960 show is to be a special one in celebration of the 50th anniversary of the Union. It will be one week longer than this year's and run from April 4 to 23.

Canada Exhibits at Brno

THE *Brno International Engineering Fair,* to be held from September 6 to 20 in this big industrial city in central Czechoslovakia, will attract exhibitors from all over the world—from Canada and the United States, and from Argentina, India and the United Arab Republic. Countries sending exhibits from Western Europe include Austria, France, Switzerland, Belgium and West Germany. Czechoslovakia itself will take the most space, followed by the Soviet Union, Communist China, East Germany, Poland and Hungary.

The fair, to be housed in over 695 thousand square feet of covered space and 642 thousand square feet of open-air space, will display engineering products and machine tools in 3,500 groups. Emphasis will be on mass-produced goods; others are to be shown only in exceptional instances.

Specialty Exhibitions Abroad

AGRICULTURE, EQUIPMENT AND SUPPLIES—The *Denbigh Show,* Denbigh Showground, May Pen, Clarendon, Jamaica, August 1-3. Apply: The Jamaica Agricultural Society, 10-12 North Parade, Kingston, Jamaica.

AUTOMOBILES—*41st International Automobile Salon.* Turin, Italy, October 31-November 11. Apply: Comitato Organizzatore, Corso Galileo Ferraris 61, Turin, Italy.

BOATS—*12th Annual Boat Show,* Seattle, November 27-December 6. Apply: Northwest Marine Industries Inc., Room 202, Marine Mart, 1500 Westlake Ave. N., Seattle, Washington.

HOME FURNISHINGS—*National Home Furnishings Show,* New York, October 14-25. Apply: National Home Furnishings Show Inc., 134 Lexington Ave., New York 16, N.Y.

Canada Trophy Awarded in Venezuela

THE Canada trophy for prize-winning cattle in Latin America was presented for the fifth time in Venezuela on April 15, reports R. E. Gravel, Commercial Counsellor in Caracas. The occasion: the *First National Agriculture and Livestock Exhibition* in Valencia, State of Carabobo.

There have been regional fairs before, of course, but this was the first national one and, according to Mr. Gravel, the Government intends to make it an annual event. It was sponsored by the Ministry of Agriculture and attracted cattle breeders from 16 of Venezuela's 20 states, plus the Federal District. There were 2,537 exhibitors in all and over 40,000 visitors. The winning cow was a six-year-old Canadian-bred Holstein.

If You Sell Botanical Products . . .

THE *International Botanical Congress* in Montreal, August 19-29, has extended the deadline for applications for exhibitors' space to July 15. This exhibition gives manufacturers of biological, botanical and biochemical products an opportunity to display their goods before a group of about 4,000 scientists from leading universities and government organizations in at least 70 countries. Write for more information to: Charles M. Wilson, Exhibits Committee, 3417 University Street, Montreal 2.

A Radio Show in Britain

THE Radio Industry Council of Britain is setting its sights on more overseas visitors attending its exhibition this year from August 26 to September 5. About 8,000 invitations are going out to potential visitors from abroad and a preview, just for them, is to be held on August 25. Officially called the *National Radio and Television Exhibition,* the show attracts about 30,000 visitors a day. More information is available from the Radio Industry Council, 17 Fleet Street, London, E.C. 4.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take full advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

British Guiana Works for a Sound Economy

Drop in export earnings, an unfavourable trade balance, and chronic unemployment are major problems faced. Government hopes to lessen these, and improve living conditions, through its broad development program.

P. T. EASTHAM,
Assistant Trade Commissioner, Port-of-Spain.

THE visit of the Canadian Chamber of Commerce Goodwill Mission to British Guiana in January of this year contributed much to the already well established economic and trade relations between the two countries. It also focused attention in Canada on the economic problems of this large and under-developed territory which is struggling to improve the living conditions of its people.

Located on the northeast coast of South America and bordered by Venezuela, Brazil and Surinam, British Guiana has an area of 83,000 square miles, or about twice that of Newfoundland. About 90 per cent of its just over half-a-million people live in the coastal plain which is 270 miles long and up to ten miles wide. This section is largely below sea level and has to be protected from the sea on one side and rivers on the other by an elaborate system of dykes and canals. It is here that the main crops of sugar and rice are grown. Inland are dense forests, covering over four-fifths of the total area and not easily accessible, even by the many rivers, because of numerous rapids and waterfalls. Only a few of the many species of trees are of commercial value, but some lumbering is done and a pulp and paper mill is planned. There are valuable mineral deposits in this area, principally bauxite, but also manganese, diamonds and gold, all of which are being exploited. A third type of country is the grasslands, found near the east coast, where dairying is carried on, and in the hinterland of the southwest where a ranching industry has been developed in spite of the poor soil.

Although much remains to be done, British Guiana has made considerable progress in recent years. The war greatly increased the demand for bauxite and opened up a market for rice in The West Indies which formerly was supplied by Burma. In addition, the government development program, with assistance from the United Kingdom and private investment stimulated by industrial incentive legislation, has helped to raise the per capita income to an estimated B.W.I.$400 a year. However, unemployment is still a chronic problem.

Foreign Trade

Since British Guiana has only a few exports (sugar and its products rum and molasses, bauxite and rice normally account for 90 per cent of the total), and imports most of the foodstuffs and manufactured goods it needs, the trade statistics are a good barometer of economic activity. In 1958, the trend of previous years to increased foreign trade was reversed: exports declined to B.W.I.$96 million from $107 million the year before. Most of the decline resulted from smaller bauxite shipments, which dropped to 1.4 million tons worth $20.5 million, compared with two million tons worth $29.5 million in 1957. Another result of the world surplus of aluminum was a slowdown in construction of the new $60 million alumina plant which was started in 1956. Sugar exports in 1958 were at a record high of 300 thousand tons worth $55 million, but with lower prices only a small gain in value was realized over the previous year. Production of rice, the chief crop after sugar, also surpassed previous records at 100 thousand tons, although rice exports in 1958 of only 18,000 tons reflected the poor crop of the previous year. Timber shipments, consisting mostly of greenheart and wallaba, increased slightly in value to $3.6 million. Diamond production, worth $1.4 million, was about the same as in the previous year; the value of gold production was up 50 per cent at $645 thousand.

Imports at $116 million showed only a slight decline in 1958, resulting in an unfavourable trade balance of $20 million. Some imports increased, notably capital goods, such as iron and steel, structural components, electrical and other machinery, and heavy-duty vehicles.

Canada's Sales

Although Canada takes nearly as much of British Guiana's exports as the United Kingdom, her position as a supplier is much less significant. Imports from Canada in 1958 were only 7 per cent of the total (9 per

cent in 1957). On the other hand, the U.K. supplied 46 per cent, the United States 16 per cent and The West Indies 10 per cent. The ten leading Canadian exports in 1958 were salted pollock, flour, split peas, tobacco, potatoes, sardines, cotton fabrics, pickled pork, newsprint and white pine lumber. It is encouraging to note that Canadian sales of flour, once our leading export to British Guiana before being displaced by U.S. subsidized flour, increased last year by over 50 per cent and accounted for 22 per cent of total imports compared with 13 per cent in 1957.

Government Development Program

Following the recommendations of a World Bank survey in 1953, the Government prepared an expanded development program for the period 1956-60, to be financed by grants from the United Kingdom, long-term loans, and local revenues. The program calls for an expenditure of $91 million over this period. The objectives are to continue the expansion and diversification of agriculture through drainage and irrigation, land settlement and research; to survey and evaluate natural resources; to extend communications and transport systems; to expand electricity supplies; to extend social services, education and housing; to grant credit for agriculture and industry, and to stimulate private industrial development. Some $60 million has been spent in the first three years of the program, and about $18 million will be spent this year, principally on water-control schemes, roads, and telecommunications. The Government is also investigating the feasibility of a nuclear power station which has been proposed by a British firm—strangely enough, no economic site has yet been discovered in this land of rivers and waterfalls for a large hydro-electric station.

The program itself has given a boost to the economy and has helped to raise production of rice, citrus, coffee, livestock, milk and fish. It has also provided better facilities for industry and thus encouraged private investment. Some difficulties have been encountered in raising sufficient funds to complete the program, and consequently rates of duty and excise taxes on some items were raised last January. Probably of greatest concern to Canada was the increase in duties on potatoes from 24 cents and 30 cents to $3.00 and $3.06 per 100 lb., preferential and general tariffs respectively. This measure was also designed to protect local producers of products used as substitutes for potatoes.

Industrial Development

The establishment of secondary industries is seen as one of the solutions to British Guiana's unemployment problem. Industrial incentives for approved ventures include a five-year tax holiday; duty-free import of machinery, building materials and equipment, and in some cases, duty-free entry or reduced rates of duty for raw materials.

The sugar and bauxite industries continue to absorb large amounts of overseas capital to finance their expansion and modernization programs. Outstanding examples of new ventures are a large manganese mine, a biscuit factory, a margarine and soap factory, a brewery, and a chipboard factory. A $28 million pulp-mill with a capacity of 200 tons a day is planned by U.S. interests, and last December the Government granted the company a lease on half-a-million acres of forest.

Given favourable growing conditions for the balance of the year, economic progress should resume in 1959. Any improvement in world demand for aluminum and the consequent effect on the bauxite industry would do much to hasten a recovery.

The long-term prospects for greater agricultural and industrial development in British Guiana are fairly good. With a population increasing at about 2½ per cent a year, this country represents an expanding market for a great variety of goods. At the beginning of this year, a long list of additional items, mostly industrial machinery and raw materials, were placed on Open General Licence, which means they can be imported freely from any source. As the remaining restrictions on hard currency goods are lifted, there will be greater opportunities for Canadian exporters to increase their share of this small but growing market.

Data for Exporters

—The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

Argentina Alters Trade Controls

Canadian products may now compete on an equal basis with goods from all other countries, following a recent revision of Argentina's import regulations. But sales prospects in some lines continue to be unpromising for our exporters.

C. S. BISSETT,
Commercial Counsellor, Buenos Aires.

EFFECTIVE May 6, 1959, decree number 5439/59 made a number of changes in Argentina's radically amended system of import controls. This system first went into force on December 30, 1958, by virtue of decree 11,917/58 as announced on page 33 of the January 17, 1959, issue of *Foreign Trade*. The changes consist of the addition of two more lists of products to the previous ones and the elimination of the "previous deposit" requirement for all listed products. Some reshuffling of products among the lists has been carried out, some new ones have been added, and there is more detailed classification. Otherwise the new system as amended differs little from the original one announced last December.

Where Changes Made

Decree 11,917/58 divided imports into six categories. Three were in the form of numbered lists of individual products, the fourth was the general group of industrial machinery and motors which was not numbered, the fifth was automobiles and midget cars (also unnumbered), and the sixth consisted of all the products not elsewhere mentioned. Decree 5439/59 has increased the numbered lists to six, of which the sixth is the previously unnumbered category of industrial machinery and motors, plus two unnumbered categories that are the same as the fifth and sixth mentioned above. The outstanding change is that previous deposits are no longer required on any product contained in any of the six numbered lists. This requirement continues in force unchanged for the eighth category of goods, namely, those not elsewhere mentioned. Similarly, the regulations under decree 9969/58 that govern the import of automobiles and midget cars which carry their own special surcharges have not been changed.

The main characteristics of the old control system were:

- *An Official Exchange Rate*—applied either in whole or in major part to all of the principal exports and the more essential imports. Its chief object was to maintain the existing prices and wages by preventing internal inflation, particularly cost-of-living increases, and generally to shield the economy against external inflationary pressures. Combined with it was a free market rate which was used for less essential imports and for all non-trade transactions. However, a complicated multi-rate exchange structure had grown up through applying a large number of in-between rates composed of percentages of each of the official and free rates in varying combinations. Only the free rate bore any close relation to the true value of the peso. The new control system swept out this entire rate structure, including the official rate, which was largely responsible for causing the present distortion of the Argentine economy. As a result, the only rate recognized since December 30 has been the free market rate that fluctuates freely according to supply and demand. Under the new system no controls have been imposed upon the operations of the free exchange market. All imports and every other type of financial transaction must now be financed through that market.

- *The Import Permit Requirement*—designed to facilitate making the best possible use of the foreign exchange earned annually by restricting imports to the

The new import control system . . .

1. *Increases the numbered lists of imports from three to six.*

2. *Eliminates the "previous deposit" requirement for all listed products.*

3. *Retains these deposits on the eighth category of goods—those not listed elsewhere.*

4. *Continues the special surcharges on automobiles and midget cars.*

5. *Sets aside certificates of necessity and import quotas.*

6. *Permits imports of any goods without restrictions, except those normally applied by the Customs, and substitutes system of import surcharges.*

products considered more essential to the economy. When the official exchange rate was abolished, leaving only the free rate for all transactions of every kind, the greater part of the need for foreign exchange permits disappeared. The rest of that need also disappeared with the highly opportune convertibility of sterling of last December, which was immediately followed by the external convertibility of the currencies of the other West European countries. These combined absorb practically all of Argentina's exports not sold to hard currency countries. Accordingly, under the new system import permits were eliminated.

• *The Foreign Exchange Permit Requirement*—based on a system of allocating exchange by product and currency area, under which specified products were made eligible for import from the specified currency areas only and from no others. The basic reason for this requirement was the inconvertibility of the currencies of the countries that together purchase on the average about 70 per cent of Argentina's annual exports, whereas hard currency areas take only about 25 per cent. To realize value from the currencies so earned, import purchases had to be directed by regulation to those countries. When sterling and all of the main West European currencies became convertible, the need for this forced channelling of import purchases disappeared and the new system abolished foreign exchange permits.

• *Certificates of Necessity and Import Quotas*—designed to protect local industries, both infant and mature, against foreign competition, except for that part of the total demand that local industry could not meet, either with the same article or an approximate substitute. Neither of these items is a part of the new system but the protection of local industry for which they were designed has not been weakened. It is achieved equally well under the new controls through the manipulation of the surcharges—for example, by the transfer of a product from a low surcharge list to a higher one.

• *The Import Prohibition*—This prohibition of a large number of articles was achieved by the simple method of not including them in any of the lists of products made eligible for import from specified currency areas. Included in these unlisted products were one, luxury articles that did not qualify for the award of scarce exchange, or two, (the bulk of them), commodities produced by local industry in quantity sufficient to supply the entire internal demand and therefore entitled to have competing foreign products excluded from the market. The new system did not alter this principle; it is continued as exemplified by category eight.

Other guiding principles were the need first, to ensure, within the limits of the national income, adequate supplies of the goods considered essential by channelling thereto the available supplies of foreign exchange through the system of making it progressively more expensive to import all goods in the reverse order of their essentiality; and second, to provide revenue from the surcharges imposed to bolster the severely deflated gold and currency reserves, to bring current international payments into better balance, and to eliminate partially the heavy budgetary deficit during the present fiscal year.

Theoretically the new controls permit absolute freedom of import without state restrictions of any kind, other than those normally applied by the Customs. Any article whatever may be imported, provided the importer is willing to pay the landed cost. In practice, however, this landed cost is tantamount to absolute import prohibition of all products in category eight and it is a severe deterrent for all products heavily surcharged. As a result, the system of import surcharges now in force is probably even more effective in curbing imports than was the old system of allocation of exchange by individual products and currency area.

The Lists and Surcharges

List I contains a small number of products considered highly essential and they are the only ones not subject to a surcharge. It includes:

Petroleum products and coal; tetraethyl lead; some inhibitors, anti-oxidants and additives for fuels and lubricants; the chief metals in ingot or similar form—including gold, copper, aluminum and tin, but iron and antimony in ore form only; refractory materials such as earths, calcined bauxite, cement and aluminium oxide refractory stones; sterioptic matrices of cardboard; books, newsprint; rubber; unexposed cinematograph film.

List II—These products are subject to a surcharge of 20 per cent based on the invoice value c. and f. Argentine ports. All of the surcharges imposed are similarly based on that value. The items involved are a little lower in the scale of essentiality. They consist chiefly of:

Prime materials required for national industry, including other metals, such as tinplate, nickel, magnesium, cobalt, mercury, cast and pig iron; lightweight metal piping for irrigation; asbestos fibre; wood pulp; printing and art paper; purebred animals for breeding; field and garden seeds; cobalt bombs, and a wide range of pharmaceutical prime materials.

List III is subject to a surcharge of 40 per cent and contains a greater number of products than any other. It consists chiefly of partially elaborated products used by Argentine industry for further processing. Those of chief interest to Canadian exporters are:

Scrap iron and steel; some qualities of carbon steel and iron rods, sheets, plates, bars, angles, shapes, etc.; some ferro-alloys; iron and steel piping and tubes and their accessories; iron and steel strapping; railway material in general; asbestos packing; Douglas fir, Port Oxford cedar, spruce timbers unplaned; grinding wheels; bronze

wire cloth for paper machines; refractory bricks and blocks; porcelain insulators; nickrome and copper-clad wires; some volt and ammeters; electronic and telegraphic apparatus and equipment; some kinds of pulpboard, cardboard and paper; artificial fertilizers; industrial and pharmaceutical chemicals; drugs and medicinal roots, leaves and herbs; some pharmaceutical specialties; scientific and precision instruments.

List IV carries a surcharge of 100 per cent which constitutes a new classification. This list is composed chiefly of products removed from the second portion of the original third list that, although subject then to a surcharge of only 40 per cent, were also subject to a previous deposit of up to 300 per cent of the c. and f. invoice value. All such deposits were retained for a minimum of 180 days before being returned to the importer. The list also contains a few articles that previously were unlisted. These are mainly products that complement similar national products but do not displace them. The articles in List IV account for only about 5 per cent of the total annual imports. Those of chief interest to Canadian exporters are:

Knitting machine needles; steel wire; phosphorbronze wire; aluminum plates, sheets, tubes, shapes and rivets; asbestos yarn; chain; iron and steel piping; brass piping; brass, copper and beryllium-copper wire; electrolytic copper; volume meters for petroleum fuels; barrel staves; thermostatic expansion and other specialized control valves; rolled iron in rods, bars, plates and strapping; steel and steel alloy strapping; ferro-alloys for foundries; scythes, sickles, forks and pincers; maple wood and spruce for manufacturing musical instruments only; white pine and beech lumber, unplaned; spare parts for industrial and non-industrial machines; insecticide pulverizers; aluminum foil; hand saws; refractory cements, bricks and blocks; zinc bars and ingots; Litzendrath wires and cables; enamelled copper wire, bare copper cable; electric A.C. meters; sulphite and kraft bag paper of 25 grams per square meter, airmail paper, parchment paper, transparent drawing paper, paper in rolls for calculating machines, paper in tapes or discs for teletypes or indicating instruments; citric acid; pharmaceutical chemicals and drugs; insulating and anti-corrosive varnishes; lithium and its compounds; various synthetic resins; anti-corrosive and anti-fouling paints for boat hulls; lead and some of its compounds.

To be eligible for import, all items in this list must be new.

List V—Goods in this list are subject to a surcharge of 300 per cent either because they have been classed as relatively non-essential or are already available in part from local industry. It is said that normally this group constitutes no more than one-half per cent of the total annual imports. The items of interest to Canadian exporters are:

Malt whisky in casks; metal plates; brass tape or strip; railway wheels and axles; internal combustion motors for agricultural machinery and marine use; iron and steel nuts; bolts and screws; copper and bronze nuts and screws; some radio and T.V. parts; refractory bricks and blocks; pharmaceutical chemicals; organic colouring materials; lighter flints; synthetic resins; pigments.

All articles in this list must also be new.

List VI is composed of three sections, each with a different surcharge, and covers industrial machinery and motors. The first section, surcharged at 40 per cent, comprises all such machines that are not specifically mentioned in sublists A and B. For practical purposes this section covers the items that are not produced locally. Section 2 or sub-list A is surcharged at 100 per cent and the third section or sub-list B at 300 per cent.

Sub-list A contains the bulk of the light machinery for the construction and building industries. It features items such as:

Radial milling and drilling machines; rectifiers for automotive engine repair shops; threaders; sanders; brake-lining riveters; friction presses; vibrating screens; leather finishing and working machines; hydraulic presses for pulpboard; portable chainsaws; lumber dryers; air compressors; well-drilling machines; high tension transformers and pedestal lathes.

Sub-list B contains the bulk of the items in this class produced locally and therefore given heavy protection. It features:

Plate-shears; folding machines; pipe and tube straighteners; pedal presses; punching machines; rectifiers; mechanical saws; welding machines; lathes; staplers; bakery machines; printing machines; bottle labelling, filling, washing and capping machines; shoe machinery; water pumps; boilers; fire extinguishers; auto jacks; bridge-cranes; pneumatic tools; hydraulic presses; ventilators; roadmaking machinery; rock-crushers; brickmaking machinery; drag shovels; woodworking machinery; paper bag and container machines; steam shovels and motor road graders.

The reader will note that the same general item has been included in more than one list. This indicates that only some types of the article, not all types necessarily, may be imported. Many general items are also listed for which there are many exceptions according to types, sizes and qualities, because these are produced to some extent by local industry.

Automobiles and midget cars are dealt with in a separate category.

The last category consists of the products that do not appear in any list. These are automatically subject to a surcharge of 300 per cent of the c. and f. invoice value. In addition, the importer must deposit with a government bank, before customs clearance will be permitted, a sum equal to 500 per cent of the combined c. and f. value plus the surcharge—that is, 2,000 per cent of the c. and f. invoice value. This sum is held for 180 days before being returned to the importer. This requirement practically rules out the import of any such unlisted product, since it would involve tying up working capital amounting to 20 times the real value of the product for six months and for a wholly unproductive purpose. With a given working capital, it also reduces commensurately the volume of any item that

can be financed at any one time and in many cases makes it impossible to deal in that product at all.

Effect on Canadian Exports

The general effect of the control changes on Canadian exports is good, principally because of the elimination of the system of authorizing imports by currency areas. About 90 per cent of Argentina's annual earnings of foreign exchange comes from export sales of agricultural and pastoral products that, in the main, conflict with similar products produced in the dollar area. As a result, dollar earnings from export sales have always been restricted in past years. Before the convertibility of sterling and other European currencies last December, Argentine purchases for dollars had to be tailored to the amount of dollar exchange available and restricted to the most essential products. As a result, the dollar area was not permitted to compete for business in a wide range of diversified products, even when the values offered were better, because dollars could not be spared for that purpose.

The new control system has changed the entire picture. All Canadian goods are now eligible to compete for the available business against similar goods from all other countries, on a basis of equality of opportunity. Future sales success will depend solely on factors such as price, quality, packing, presentation, service and consumers' preference. Most-favoured-nation treatment in regard to customs duties is accorded Canadian goods so there is no handicap on that score. The only current disadvantage worth noting is that goods from contiguous countries and Peru are exempted from the surcharges. The heavy surcharges now applicable, because of the austerity program, will greatly reduce the sales prospects for many lines of goods. However, for those that remain, opportunities will no longer depend upon the availability of scarce dollars but only upon the values offered.

Full details of the products contained in the above numbered lists are on file in the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, and the Branch will provide information on any specific product. Because the Argentine description of the article is based in a great many cases on its precise material content, composition, measurement, count, end-use or similar factors, all such inquiries should include the most exact details.

Index to *Foreign Trade*

The index to Volume 110 of "Foreign Trade", covering the issues from July 1, 1958, to December 20, 1958, has now been printed. Readers who wish to have copies should write to the Editor. Copies of the index for Volume 109, January to June 1958, are also available.

The following officers of the Trade Commissioner Service will shortly begin tours in Canada. Their itineraries are:

S. V. ALLEN, Deputy Consul General (Commercial), in New York:

Ottawa—Aug. 3-7
Montreal—Aug. 10-14
Toronto—Aug. 17-22
Vancouver—Sept. 14-17

N. W. BOYD, formerly Assistant Commercial Secretary in Berne, Switzerland:

Winnipeg—June 29-July 11
Regina—July 13-14
Saskatoon—July 15
Calgary—July 18
Vancouver—July 23-August 7

When he completes his tour Mr. Boyd will be posted to Tokyo, Japan, as Assistant Commercial Secretary.

V. L. CHAPIN, Commercial Counsellor in Rio de Janeiro, Brazil:

Ottawa—July 6-15
Toronto—July 16-22

P. T. EASTHAM, Assistant Commercial Secretary in Port-of-Spain, Trinidad:

Quebec City—July 6
Fredericton—July 7
Saint John—July 8
Halifax—July 9-11
St. John's—July 13-14
Ottawa—July 15-18
Toronto—July 20-22
Winnipeg—July 27-28
Vancouver—Aug. 3-5

When he completes his tour Mr. Eastham will be posted to Brussels as Assistant Commercial Secretary.

H. J. HORNE, Commercial Secretary in Karachi, Pakistan:

Vancouver—July 27-30
Winnipeg—Aug. 5

Mr. Horne is being transferred to Chicago as Consul and Trade Commissioner and is expected to arrive there early in August.

rade Commissioners on Tour

A. A. LOMAS, Assistant Commercial Secretary in Mexico City:

Montreal—July 6-14
Quebec City—July 16
Fredericton—July 20
Saint John—July 21-22
Halifax—July 29-31

W. B. McCULLOUGH, Commercial Counsellor in Ciudad Trujillo, Dominican Republic:

Fredericton—July 6-7
Saint John—July 8
Halifax—July 10
St. John's—July 13
Charlottetown—July 16-17

K. F. OSMOND, Commercial Secretary in Rome, Italy:

Quebec—July 6
Saint John—July 8
Halifax—July 10
St. John's—July 20-21
Montreal—Oct. 1-16

W. G. PYBUS, Commercial Secretary in Tokyo, Japan:

Winnipeg—July 20-22

R. F. RENWICK, Consul and Trade Commissioner in Chicago:

Toronto—July 6-10
Ottawa—July 13-17
Montreal—July 20-24

Mr. Renwick will be transferred to Port-of-Spain, Trinidad, as Commercial Secretary late in August.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut, Lebanon:

Ottawa—July 6-17
Montreal—Aug. 31-Sept. 4
Toronto—Sept. 8-14
Hamilton—Sept. 15
Winnipeg—Sept. 18-19
Vancouver—Sept. 21-23

R. CAMPBELL SMITH, Commercial Counsellor in Paris, France:

Toronto—July 6-15
Montreal—July 16-23
Hamilton—July 24
Winnipeg—July 27-28
Vancouver—July 30-31,
Sept. 16-18

R. K. THOMSON, Commercial Secretary in Vienna, Austria:

Toronto—July 7-15
Hamilton—July 16
Montreal—July 17-24
Ottawa—July 27-Aug. 7

W. R. VAN, Commercial Secretary in Colombo, Ceylon:

Hamilton—July 6
Fergus—July 7
Brantford—July 8
Niagara Falls, Welland,
St. Catharines—July 9-10
Winnipeg—July 13-14
Vancouver—July 16-23

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

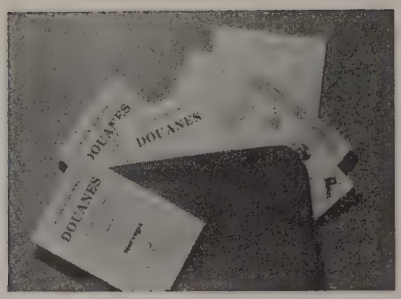
R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala, will visit El Salvador from July 20-25.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Israel from July 22-31.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Bangkok from July 19-August 1.

J. H. STONE, Commercial Secretary in Wellington, New Zealand, will begin a tour of the North Island on July 12, visiting Palmerston North, Hastings, Napier, Hamilton, Auckland, New Plymouth, and Wanganui.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Dawson at Guatemala City, Mr. Dyke at Athens, Mr. Steers at Singapore, and Mr. Stone at Wellington.



Trade and Tariff Regulations

Aden

IMPORT CONTROLS RELAXED—The Commissioner for Trade in Aden has announced that imports from the dollar area will be on Open General Licence by the end of June, except for a short list of items to be specified. The Commissioner added that air conditioners and motor vehicles and spares will not be placed on Open General Licence.

Belgian Congo

IMPORTS OF ALUMINUM HOUSEHOLD ARTICLES—Effective June 1, 1959, import licences for pots and pans, kettles and similar objects of all dimensions made of aluminum will not be issued if the sheet forming the body of the utensil is less than 0.6 mm. in thickness.

Requests for import licences for such utensils must bear the following: the exact weight in kilograms of the utensil or of a set of utensils; price of the utensil or of a set of utensils, and the thickness in millimeters of the sheet forming the body of the utensil.

British Guiana

IMPORT CONTROLS RELAXED—The Acting Controller of Supplies and Prices, British Guiana, has announced that, effective July 1, goods from the dollar area may be imported under Open General Licence, with some exceptions.

Included among the goods which will remain subject to individual licensing are motor vehicles and spares, air-conditioning machines, certain industrial machinery and equipment, some food products, and a few articles of apparel.

Fiji

RELAXATION OF IMPORT CONTROLS—The Commerce and Industries Officer, Fiji, has announced that, effective July 1, 1959, a general import licence is granted for the import of any goods which are the product or manufacture of the dollar area, with the exception of the following goods and their component and fashioned parts:

(a) Gold bullion and semi- and fully manufactured gold.

(b) Gold jewellery which exceeds £F100 in value in any one parcel or consignment, provided that the Comptroller of Customs and Excise may at his discretion determine that more than one parcel or consignment addressed to the same addressee may be treated as a single parcel or consignment.

(c) Motor vehicles.

(d) Air-conditioning machines, self-contained, comprising elements for cooling, control of humidity, cleaning and circulating of air.

(e) Centrifugal drying and separating machines (other than of a kind used for domestic purposes).

(f) Compressors and exhausters, air and gas.

(g) Dredging equipment.

(h) Gas and chemical plant.

(i) Lifting, hauling and transporting machinery, the following: hoists, winches and pulleys.

(j) Oil refining plant.

(k) Pile drivers.

(l) Pumps of all kinds, including petrol and oil measuring pumps (other than of a kind used in motor vehicles, ships, boats or aircraft or for domestic purposes).

(m) Refrigerators and refrigeration machinery (other than of a kind used for domestic purposes).

(n) Separators for separating oil from mixtures of oil and water.

(o) Welding machines.

(p) Well-boring machinery and plant.

(q) Cocks, taps, traps and valves for controlling gases, liquids or vapours.

(r) Flexible tubing and piping wholly or mainly of metal.

Nicaragua

IMPORT LICENCES—According to cabled advice of June 15 from H. W. Richardson, Trade Commissioner in Guatemala City, import licences which Nicaragua had cancelled have now been restored.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade announced recently that it had received the following representations respecting the tariff:

Increase in duty on:

(1) Belting duck and chafer fabrics, i.e., fabrics exceeding 10 oz. in weight per square yard of material classified as canvas under Item 75(1)(a), made from cotton and from cotton/nylon, from 15 per cent ad valorem (from all countries) to 25 per cent ad valorem

in the intermediate column and to 30 per cent ad valorem in the maximum column.

(2) Cycle cord fabric of cotton, dutiable under Item 76(6)—

(a) (xxi) the f.o.b. price of which does not exceed 2s. per yard, from 5 per cent ad valorem to 25 per cent ad valorem in the minimum column; and from 10 per cent ad valorem or 1½d. per yard, whichever duty is the greater, to 10 per cent ad valorem or 1½d. per yard, whichever is the greater, and in addition 20 per cent ad valorem in the intermediate column; and

(b) (xxii) the f.o.b. price of which exceeds 2s. per yard, from 10 per cent ad valorem to 25 per cent ad valorem in the intermediate column.

Increase in duty on:

(1) Women's and girls' stockings, but excluding three-quarter hose, finished or unfinished, manufactured from man-made fibres other than rayon, by increasing the alternative specific duty of 8s. per dozen pairs, in the minimum and the intermediate columns, to 16s. per dozen pairs.

(2) Stainless steel hollowware, from 20 per cent ad valorem to 100 per cent ad valorem, in respect of the maximum column.

(3) Safety glass imported separately or framed in metal, for windows of railway carriages, from 3 per cent ad valorem to 20 per cent ad valorem.

(4) Hot water and steam-activated panel radiators for central heating systems, from 10 per cent ad valorem to 25 per cent ad valorem.

(5) (a) Low tension insulators, by the provision of the undermentioned rates of alternative specific duties in respect of imports from countries to which the maximum and special suspended rates of duty apply:

Cleates: 15s. per 100 pairs.
Split bobbins: 10s. per 100 pairs.
Shackle and pin insulators: 1s. each.

(b) High tension insulators by the provision of the following additional duties in the maximum column:

Pin insulators: 2s.6d. each.
Disc insulators: 7s.6d. each.

(6) (a) Men's fur felt hats, by 15 per cent ad valorem.
(b) Fur felt hoods for men's hats, by 10 per cent ad valorem.

(7) Wire nails, from 2s. per 100 lb. to 20 per cent ad valorem.

Bringing into operation of the suspended duty on:

Stringers for slide fasteners, to the extent of the whole alternative specific suspended duties.

Canadian exporters who wish to have their views placed before the Tariff Board can do so most effectively by having their South African agents act on their behalf. Action should be taken as soon as possible because inquiries normally begin soon after they are announced.

United States

TARIFF HEARINGS ON METAL AND OTHER PRODUCTS—During the last year and a half, the United States Tariff Commission has held hearings in connection with its proposed revision and consolidation of the laws under which imported articles are classified for tariff purposes. Notices of these hearings have been published in *Foreign Trade*, the last one being on December 6, 1958, when it was reported that all of the schedules had been released except schedule 6 and part of schedule 7.

Now the Tariff Commission has announced hearings to commence on July 14, 1959, in connection with schedule 6, covering metals and metal products, and schedule 7, covering optical goods, scientific and professional instruments, and watches and clocks. This will complete the schedule of hearings. After the public hearings have been completed a final draft and report will be submitted to the Congress and the President for consideration. The ultimate adoption of the proposed new schedules is dependent upon the enactment of further legislation by Congress.

RESULT OF AXE AND AXE HEAD INVESTIGATION—In *Foreign Trade* of February 28, 1959, an escape clause investigation was announced into imports of axes and axe heads.

On May 21, the Tariff Commission announced unanimously that it had found imports were not causing or threatening serious injury to the domestic industry. Accordingly, no change in the existing rate of duty was recommended.

RESULT OF CALF AND KIP LEATHER INVESTIGATION—In *Foreign Trade* of February 14, 1959, an escape clause investigation was announced into imports of calf and kip upper leather.

On May 29 the Tariff Commission announced unanimously that it had found imports were not causing or threatening serious injury to the domestic industry. Accordingly, no change in the existing rates of duty was recommended.

RESULT OF HEAVY ELECTRICAL EQUIPMENT INVESTIGATION—In *Foreign Trade* of July 5, 1958, an investigation by the Office of Civil and Defence Mobilization into imports of heavy electrical power equipment was announced.

On June 12 the Director of the Office of Civil and Defense Mobilization released a "memo of decision" in which he concluded that imports of heavy electrical equipment are not threatening to impair the national security of the United States. The decision, resulting from an investigation more than a year long, was in response to a petition filed under the national security clause of the Trade Agreements Act. It does not involve steam turbines and generators, imports of which are still being studied under the national security clause of the Trade Agreements Act.

RESULT OF HARDWOOD PLYWOOD INVESTIGATION—In *Foreign Trade* of February 28, 1959, an escape clause investigation into imports of hardwood plywoods was announced.

On June 22 the Tariff Commission announced that it had found imports were not causing or threatening serious injury to the domestic industry. Accordingly, no change in the existing rates of duty was recommended.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.04336485.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 22	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01092	91.57	(1)
Austria	Schilling		.03690	27.10	
Australia	Pound		2.1569	.4636	
Bahamas	Pound		2.6961	.3709	
Belgium, Belgian Congo and Luxembourg	Franc		.01918	52.14	
Bermuda	Pound		2.6961	.3709	
Bolivia	Boliviano	Free	.00008389	1,199.18	
British Guiana	Dollar		.5617	1.78	
British Honduras	Dollar		.6740	1.48	
Brazil	Cruzeiro	General Category*	.005563	179.74	*May 25 (2)
		Special Category*	.002813	355.54	
		Official selling	.05147	19.43	(3)
Burma	Kyat		.2013	4.97	
Ceylon	Rupee		.2022	4.94	
Chile	Peso	Free	.0009111	1,097.57	(4)
Colombia	Peso	Certificate	.1497	6.68	
Costa Rica	Colon	Official			
		Controlled free	.1707	5.86	
Cuba	Peso		.9584	1.04340	tax 2%
Czechoslovakia	Koruna		.1331	7.51	
Denmark	Krone		.1393	7.18	
Dominican Republic	Peso		.9584	1.04340	
Ecuador	Sucre	Official	.06390	15.65	
		Free	.05489	20.44	
Egyptian Region, United Arab Rep.	Pound	Official	2.7522	.3633	
		Export account selling	1.8900	.5291	
El Salvador	Colon		.3834	2.61	
Fiji	Pound		2.4289	.4117	
Finland	Markka		.002995	333.89	
France, Monaco and North Africa	Franc		.001955	511.51	(5)
French colonies	Franc		.003910	255.75	(6)
French Pacific	Franc		.01075	93.02	(7)
Germany	D Mark		.2294	4.36	
Ghana	Pound		2.6961	.3709	
Greece	Drachma		.03194	31.31	
Guatemala	Quetzal		.9584	1.04340	
Haiti	Gourde		.1917	5.22	
Honduras	Lempira		.4792	2.09	
Hong Kong	Dollar	Free*	.1681	5.95	*June 12
		Official	.1685	5.93	
Iceland	Krona	Official	.05885	16.99	(8)
India	Rupee		.2022	4.94	
Indonesia	Rupiah	Effective buying	.03199	31.26	*June 8
		Effective selling	.02559	39.08	(8)
Iran	Rial		.01278	78.22	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent June 22	Units per Canadian dollar	Notes (See below)
Iraq	Dinar		2.6836	.3726	
Ireland	Pound		2.6961	.3709	
Israel	Pound		.5325	1.88	
Italy	Lira		.001545	647.25	
Japan	Yen		.002663	375.52	
Lebanon	Pound	Free	.3041	3.29	
Mexico	Peso		.07668	13.04	
Netherlands	Florin		.2542	3.93	
Netherlands Antilles	Florin		.5122	1.95	
New Zealand	Pound		2.6961	.3709	
Nicaragua	Cordoba	Effective buying	.1452	6.89	
		Official selling	.1374	7.28	
Norway	Krone		.1347	7.42	
Pakistan	Rupee		.2022	4.94	
Panama	Balboa		.9584	1.04340	
Paraguay	Guarani	Official	.007987	125.20	
Peru	Sol	Certificate	.03492	28.64	
Philippines	Peso		.4792	2.09	
Portugal & Colonies	Escudo		.03345	29.89	(9)
Singapore and Malaya	Straits dollar		.3146	3.18	
Spain and Dependencies	Peseta	Commercial selling	.02291	43.65	(8)
Sweden	Krona		.1853	5.39	
Switzerland	Franc		.2224	4.49	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04571	21.88	(8)
Turkey	Lira	Effective selling	.1065	9.39	(8)
Union of South Africa	Pound		2.6961	.3709	
United Kingdom	Pound		2.6961	.3709	
United States	Dollar		.9584375	1.04336485	
Uruguay	Peso	Free	.09824	10.18	
		Basic buying	.6369	1.57	(8)
		Principal selling	.4608	2.17	
Venezuela	Bolivar		.2861	3.49	
West Indies Fed.	Dollar		.5617	1.78	(10)
	Pound		2.6961	.3709	(11)
Yugoslavia	Dinar	Official	.003194	313.09	(8)
		Settlement rate	.001532	652.60	

*Latest available quotation date.

notes

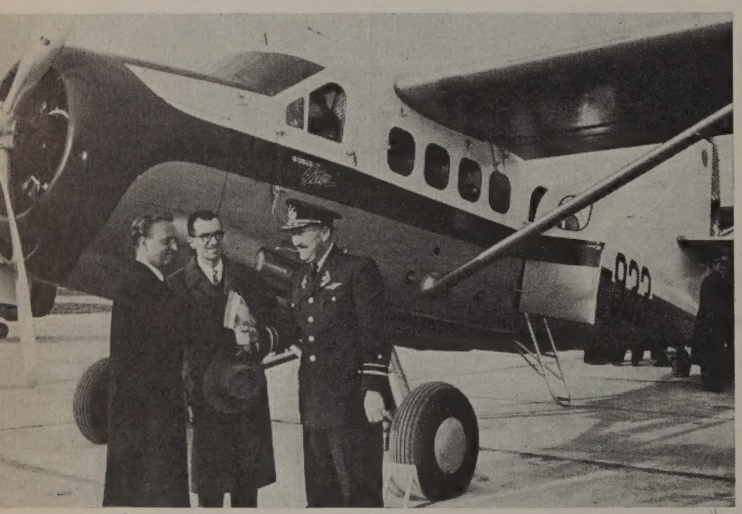
1. Argentina: Effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Trade Commissioners at Work

What are the duties of a Canadian Trade Commissioner stationed abroad? How does he help to represent Canada and assist the Canadian businessman? From time to time we plan, through pictures, to show Trade Commissioners carrying out the varied assignments that foreign service provides.

1

1 Arranging meetings for visiting officials is an important service the Trade Commissioner frequently performs. Through his contacts in government and business circles he can help the Canadian make his visits more profitable. The Commercial Counsellor in Ciudad Trujillo, Dominican Republic, and the Nova Scotia Minister of Trade, Industry and Mines (second and fourth from right) are shown during a trade discussion with officers of the Dominican Government.



2

2 Publicizing Canadian products is one way in which the Trade Commissioner helps to promote their sale. When five Canadian aircraft for the Chilean Air Force touched down at Los Cerillos airport in Santiago, the Acting Commercial Secretary (left) was on hand to welcome them and shake hands with the Chilean Air Force officer who supervised their safe flight from Canada.

3

3 Studying industry in the country where he is stationed is an essential part of the Trade Commissioner's program. This often means visiting plants and examining processes and products, as the Commercial Counsellor in Bonn (left) is doing here during a tour of a German carpet factory.

4 Finding the best spot for Canadian exhibits is a job assigned to the Trade Commissioner. Because of his knowledge of the city where he is posted, he can pick a showcase that will bring the Canadian story to the people it was designed to reach. The Deputy Consul General (Commercial) in New York (right), with the Consul and Trade Commissioner, looks over the industrial development display that he has placed in a window of the Dun and Bradstreet Building.

4

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